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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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PROBLEMS OF INTRA-CEMA CONTRACTUAL ARRANGEMENTS DISCUSSED

Potsdam-Babelsberg STAAT UND RECHT in German Vol 29 No 1, Jan 80
signed to press 26 Nov 79 pp 34-45

[Article by Dr Helga Hutschenreuter, GDR Academy of Political Science and Jurisprudence: "Developmental Trends in the Area of Specialization and Cooperation Contracts Among CEMA Countries"]

[Text] The legal framework for the organization of specialization and cooperation has been expanded by a significant new element. In consequence of many years of collective endeavors, the CEMA countries have for the first time succeeded in establishing special internationally uniform, normative[1] regulations for this important form of international cooperation which had not been amenable to legal standardization: the General Regulations for Production, Specialization and Cooperation Among Organizations of the CEMA Member States (ABSK).[2] Approved by the CEMA Executive Commitee and recommended for adoption,[3] they will come into effect--after their confirmation by the member states--on 1 January 1980.[4]

Thus, for specialization and cooperation partners from more than two CEMA countries[5] as well as for partners from two countries that apply the ABSK on a contractual basis,[6] there has emerged a new situation. To be sure, the contractual specialization and cooperation relations have always been integrated in a complex system of control and organization of international cooperation;[7] the partners could lean on basic CEMA documents,[8] including generalized, albeit nonobligatory guidelines,[9] numerous individual decisions passed by CEMA and its organs,[10] and on legal acts, decisions and agreements of the member states. However, aside from those bilateral relations for which bilateral principles had been agreed upon,[11] the partners had to do without normative, general rules of conduct equally binding upon all participants.

General regulations passed in other fields of cooperation--in particular the General Regulations for Commodity Shipments Among the Organizations of the CEMA Member States (ALB/RGW)[12]--could be used only as an auxiliary device in the formulation of pertinent partial agreements.

Presently, the ABSK regulate crucial aspects of the contractual specialization and cooperation; it goes without saying that as regards the respective secondary arrangements, other, internationally standardized legal acts continue to be applicable. Among other things, the ABSK establish the agreements' minimum substance and the procedures concerning conclusion, changes, coming into force and termination of the agreements. The ABSK define the basic rights and obligations of the contracting partners; they settle problems concerning the partners' responsibility and regulate the assertion and limitation of claims. Finally, aside from other stipulations, they establish the subsidiary statute which is applicable to issues that are unsettled or settled unsatisfactorily, unless the partners have made other arrangements.[13]

On the one hand, the ABSK dispense the organizations from the obligation at any given time to renegotiate a great many terms, which makes for a much more efficient contract practice. On the other hand, many of the norms are intended to encourage certain agreements or to substitute agreements not made. In many cases, they can thus provide impulses for the partners outside their normative scope.

As regards particulars, the ABSK will have to prove their practicability and utility. For want of practical experience in the employment of the ABSK, we will not examine in detail individual problems concerning this or that norm. Rather, in combination with a review of the 1970's, the following considerations--prompted by the coming into force of the ABSK--aim to elaborate some basic trends and developmental problems in the area of contractual specialization and cooperation relations within CEMA, into the framework of which the origin and effects of this document must be incorporated.

Increasing Importance of the Contract Form

In the 1960's, and increasingly so in the 1970's, the inter-plant specialization and cooperation relations among the CEMA countries underwent significant expansion on the basis of the complex program concerning the intensification and improvement of cooperation and the development of the socialist economic integration. Accordingly, legal contract arrangements, including the Agreement on International Production Specialization and Cooperation (ISKV), became increasingly important as a means of systematic organization of these processes.[14] This seems to be symptomatic of a general trend, which in regard to the above-mentioned relations is all the more distinct, the more the cooperative elements in inter-plant relations develop and the more commodity-money criteria are taken into consideration.

Within the framework of the instruments controlling the organization of the international cooperation and integration of the CEMA countries, the ISKV perform important and independent functions that extend to the development of the international production specialization and cooperation (ISKP) and to the implementation and safeguarding of ISKP measures.[15]

The ISKV are international economic agreements, by means of which the partners--i.e. as a rule authorized economic organizations of the countries[16]--establish ties and define objectives and reciprocal rights and obligations in regard to the international production specialization and cooperation. They form the contractual basis of the direct coordination, organization and implementation of the ISKP by the economic units that must implement them on two levels: in the scientific-technological and production sectors and through the preparation and safeguarding of exchange relations. Like all international economic agreements, the ISKV have the advantage of allowing close links between CEMA rulings, central state control, and partnership activities and of making available the contractual framework required. They are based on the results of the bi- and multilateral coordination of interests achieved within CEMA among the participating states and contracting partners.

On the basis of appropriate control measures and within the framework of legal regulations, the contracting partners are responsible for the concrete specification of their collaboration which they can extend through special arrangements designed to insure implementation in the event of disruptions and infringements of contract fulfillment.

As legal forms that are part of the framework of systematic and state-controlled economic cooperation and integration of the CEMA member states and their national economies, the ISKV are integrated in the system of state control of cooperation and integration and they correspond with other instruments of control. This is shown by the following:

--On principle, the ISKV are based on the results of planning and cooperation in planning, which in their turn result to some extent from precontractual endeavors of organizations--or from endeavors aimed at the further development of existing ISKP relations. They are based on government and departmental agreements, accepted CEMA recommendations, confirmed resolutions of economic committees and other high-level economic decisions that more or less predetermine their substance.

--Assessments and objectives comprising long-term structural and economic premises are essential not only for the independent elaboration of the ISKV by the partners; they also safeguard the implementation and further development of ISKP projects and the encouragement of necessary partnership activities.

--The coordination, voting and endorsement provisions concerning the preparation, conclusion and implementation of ISKV are fully integrated in the state control system--an indication of the coordinating effect of the ISKV.

--The ISKV are important links between plan-conforming decisions concerning the international scientific-technological and production cooperation on the one hand and the international commodity exchange on the other hand.

Recognition of the future results of the former as socially useful work has partly been antedated here, which is an indication of the merits of socialist international division of labor.[17] However, execution of the economic cycle requires legal intervention by various control instruments; in this regard, the ISK contracts and agreements, the ISKV, the trade agreements, annual protocols and foreign trade delivery contracts represent important legal forms. Thus there arises the question as to the potential share of the ISKV in the organizational control of this cycle, which is authentically reflected in its scope.

Observations on the Material and Chronological Scope of the ISKV

As has been elaborated in the literature, the scope of the ISKV extends to the entire reproduction process, to aspects of the scientific-technological and production-technological cooperation and to the organization of marketing and delivery.[18] The ISKV are characterized by corresponding structures of rights and obligations.[19] Moreover, the exchange of activities in the reproduction phases[20] and the complexity of the relations are considered to be characteristic differences vis-a-vis other agreements.[21]

The official documents also give expression to the view that generally speaking the ISKV must organize a complex economic process as well as the corresponding relations between the partners from the CEMA countries, which necessitates stipulations "providing for the solution of the entire complex of economic, production-commercial, scientific-technological, exchange and financial, legal, and other problems."[22]

These tasks that so far have not consistently been made allowance for remain as urgent as ever. As far as goals and demands are concerned, the present circumstances necessitate even greater demands. After all, in developing the ISKP one cannot ignore the fact that the national economies are confronted with urgent intensification requirements. The considerations regarding conceptual and structural policy, which include the ISKP within the framework of CEMA as well as the global international division of labor, assume increasing importance for the contracting countries and their--in part joint--planning and long-term plan coordination and they suggest long-term developmental trends for the ISKV. On the basis of the results obtained so far, the division of labor must consistently be oriented toward economic efficiency and mutual profitability, and in keeping with objective requirements, the organization of the concomitant processes must be improved so as to develop their potential advantages.[23]

As a branch of state control, the ISKP requires balanced economic targeting and integration as a stable decision-making basis for individual projects; it requires a secure foundation in regard to both planning and balance sheet as well as benefit-oriented stimulation and motivation. In this regard, it is necessary to take into consideration the internal and the international situation and to make allowance for the special aspects of the ISKP processes; essentially, these are long-term, basically stable

processes which codetermine the structure and efficiency of the national economies. Consequently, the extent to which the ISKP potential is realized is contingent upon a number of prerequisites and conditions. As regards the ISKV, four not really new, but increasingly urgent problems deserve special consideration in this connection:

1. The realization of potential by means of the ISKV during the phase of scientific-technological work.

2. The coupling of production and exchange cooperation.

3. The agreements on cooperation.

4. The permanence (and flexibility) of the relations.

As the CEMA countries are confronted with the increasingly urgent task of improving economic efficiency, the industrial cooperation in the fields of research, scientific-technological work and [word in italics] production assumes increasing importance in a broader sense than is generally implied by the term "ISKP." Generally, the objective is to attain an antedated and even closer link between research and scientific-technological work on the one hand and production reflecting their results on the other hand.[24]

From all of the above, there follows the necessity to establish and strengthen this link in legal terms as well. Several solutions, all of which require closer examination, are conceivable. For example, one should examine to what extent and under what conditions the ISKV should also comprise--beyond the hitherto customary extent--the scientific-technological work, insofar as the cooperation between the partners--a cooperation that could possibly involve several partners--is to extend to the entire production cycle. Various legal forms are conceivable in this regard. Such a general, common legal basis could be established through an agreement, through separate, but linked agreements or through a skeleton agreement coupled with individual, interrelated agreements concerning the implementation of projects or of the current long-term industrial cooperation. In order to improve predictability, one could make arrangements outlining ways of specifying agreements, of adjusting them to changed circumstances, and of entertaining risks.

Of the problems concerning the coupling of production and exchange cooperation, the future obligation concerning conclusion of the foreign trade agreement and the predetermination of delivery terms have so far found the best solutions. It appears that in regard to this problem, which is crucial for the states and the economic organizations, closer cooperation among the partners will make for increased effectiveness. As the reproduction phases are linked more effectively, conditions improve for a materially, economically and legally grounded commodity exchange and for marketing and demand satisfaction as crucial elements of the ISKP projects. In addition, the partners are enabled to stabilize the foundation for

cooperation on third markets and to establish a detailed contractual framework for the marketing and consumption feedback required for the development of products and technologies.

It is only through the concrete articulation of the objectives, rights and obligations in the scientific-technological and production cooperation--including specialization--and the preparatory organization of the current commodity-money relations and exchange cooperation that the ISKV will exert sufficient influence in regard to the success of the ISKP and their lasting effect in the production and exchange sectors. This includes the extensive demand- and efficiency-insuring predetermination of the individual performance criteria as well as arrangements concerning their concretization, the conclusion of foreign trade agreements and appropriate legal remedies for disruptions and violations.

The question concerning cooperation and the forms of cooperation is connected only indirectly with the question concerning the scope of the ISKV. Nevertheless, in this context one should at least draw attention to it.[25] It appears that in a given project it is primarily objective reasons--deriving above all from differences in specialization[26] and from special aspects of the project at hand--that prompt the partners to give preference to certain forms of cooperation.

If an ISKV merely fixes an existing division of labor, the cooperation relations may be restricted to safeguarding the marketing and the supplies of the products concerned; however, this does not preclude other arrangements, e.g. in regard to scientific-technological or marketing cooperation. Irrespective of all potential--not necessarily materializing--differences, the cooperation activities can be integrated into the framework of ISKV rights and obligations.

However, the actual form of the ISKP suggests that at present the potential for cooperation in the sense of a close collaboration in research, development, production and marketing is far from being fully utilized. In legal terms, this is reflected by the imbalance between rights and obligations in the contractual relations.

Apparently, it is precisely in the development of the cooperative element in all areas covered by the ISKV and through intensification of the cooperation in these areas that considerable efficiency reserves can be tapped. However, we are fully aware of the fact that what we are dealing with here is not primarily a legal problem.

In regard to the term of validity of the ISKV, it appears advisable--with due regard for potential special product- or branch-related conditions or for considerations of economic policy--to think in terms of extended periods. In view of the special aspects of the ISKP and of their economic effects, the five-year plan periods appear even now to be too short to insure attainment of the ISKP objectives with all the benefits required.

However, establishment of longer terms would require an appropriate control and planning framework and it would be necessary to expand the present tested ISKV adjustment provisions, which satisfactorily combine stability with flexibility.

With the introduction of the ABSK, these problems are in need of elaboration, thorough analysis and detailed contractual arrangement.

Bi- and Multilateral ISKV

The development in the 1970's was characterized by the increasing employment of multilateral ISKV in many areas.[27] In regard to the above-described functions, these agreements are essentially identical with bilateral agreements, although their territorial scope is more extensive. They form a standardized operational basis and within the framework of the respective CEMA organs--e.g. the Permanent Commission for Machine Building--they are to a large extent unified.[28] In contrast to ISKP recommendations of authorized CEMA organs, the ISKV directly substantiate the rights and obligations of the partners and put into force the contractual mechanism insuring implementation. It is not least on account of their activities in preparation for agreements that CEMA and its organs exert increasing influence on the multilateral ISKV.

Two legal forms--the recommendation and the agreement--are linked here in a new way. The recommendation practice is modified, as the activities of the CEMA organs are intended to prepare the agreements and no longer focus primarily on the subject of the ISKP, but on the ISKP as a whole. Their relatively detailed results are not simply addressed to the states; rather, these results extend beyond the states to the economic organizations empowered to conclude agreements.

The multilateral ISKV show elements of cooperation law in that they contain stipulations concerning the formation, mode of operation, rights and obligations of councils of authorized representatives. As a rule, these councils have functions--to be performed partly directly and partly indirectly--insuring implementation, stability and adjustment.[29] In the course of the implementation and further development of ISKP projects, the councils in turn establish close links between CEMA organs and the ISKV partners.

However, the multilateral ISKV are faced with considerable restrictions that are primarily economic. This is reflected in the fact that their effect on genuine changes in the production and exchange structures is frequently restricted and that the development of cooperative relations often does not come up to the contract objective and the agreed-upon forms of cooperation or does not go beyond insuring marketing and supplies. Thus the multilateral ISKV, which in legal terms represent an expression of common intent of all the parties involved, can be considered a kind of minimum compromise--an agreement on conditions equally acceptable to all

parties. This also means that farther-reaching ISKP arrangements between individual partners are conceivable; consequently, the demand that multilateral agreements be more rapidly replaced by detailed bilateral agreements[30] deserves unqualified support. In principle, close interaction between the two legal forms and full utilization of their advantages in every phase of the cooperation are to be recommended. The bilateral ISKV can play a supporting role in the preparation, implementation and further development of multilateral ties. Thus the importance of the bilateral agreements is in no way diminished. They are a useful instrument of the ISKP even in areas where multilateral agreements are employed.

ABSK--an Outcome of Past Developments

The ABSK were preceded by a number of basic CEMA documents in the ISKP area, which were oriented toward improving the ISKP and their legal form.[31]

An important intermediate stage was initiated in 1973 by the "Report on Legal Problems Concerning the Conclusion and Implementation of Agreements on Production Specialization and Cooperation."[32] Based on the then level of the ISKP, of the contract practice and of the international community of interests to be attained, this report--in combination with the multilateral ISKV--had a considerable standardization effect on the ISKV. Standardization tendencies were apparent in the formulation and in the breakdown by area of cooperation, rights and obligations, and arrangements concerning legal measures. While the bilateral agreements showed greater diversity in substance, their structure was quite similar to that of the multilateral agreements--a circumstance typical of the contracts. At the same time, the contract practice confirmed the existence of legally relevant special aspects of the ISKP relations, even though these aspects showed great individual variation. This development probably served to promote the work on unified ISKV regulations.

The present ABSK testify to the diverse determination of the law. They manifest the difficulties as well as the desire to pass regulations on such a subject, to standardize the contract practice and to make allowance for the gradually emerging special aspects of this type of contractual relations. At the same time, they reflect the developmental level and the developmental problems of the ISKP.

The ABSK merit all the more appreciation, since the ISKP relations are complex and diverse and not amenable to legal abstraction and since irrespective of the common basic interests of the parties involved there are a great many conditions likely to give rise to more or less divergent interests and positions in the ISKP area. As a result of this, it is difficult to bring about unanimous decisions, let alone normative ones.

The socialist international division of labor is a historically young process, in the course of which the common interests based on fundamental agreement in regard to a number of political and economic factors will be increasing, thus facilitating legal regulation.

The ABSK have the great advantage of giving a great deal of latitude to the partners of ISKP relations. In this way, they allow agreements conforming with the concrete conditions, thus promoting the ISKP in the most beneficial way. It is in keeping with this situation that the scope of application--aside from the right to enter into other arrangements--was ultimately limited to multilateral agreements and that the regulations were restricted to selected ISKP aspects amenable to regulation. This has affected the character and the interrelationships of the norms as well. One of the most striking aspects of the ABSK is the fact that they contain a large number of flexible regulations and that in many instances even peremptory regulations make reference to the arrangements made by the parties involved.[33]

A large number of norms indirectly request the contracting partners to make their own arrangements, if the occasion arises. Norms of this type either instruct the parties to make substitution for arrangements not made (e.g. Articles 5,22, Paragraph 2; Article 24, Paragraphs 4 and 5; Article 27, Paragraph 1; Article 50, Paragraph 2) or to refrain from legal steps, if the parties failed to make any arrangements (e.g. Article 15, Paragraph 2; Article 27, Paragraph 3; Article 29, Paragraph 3). By way of exception, the recommendation, i.e. the regulation appealing directly to the partners, is employed as well (Article 55, Paragraph 1).

According to the general statement in Article 1, Paragraph 2, the ABSK allow the partners to deviate from individual regulations, if they realize at the conclusion of the agreement that such a step is necessary on account of special aspects of the contract subject.[34]

On the one hand, through this kind of standardization the ABSK bring about a rationalization of the contract practice; on the other hand, they are oriented toward a creative approach in the drafting of agreements and are intended to serve as guidelines for the partners in the formulation of agreements appropriate to the project at hand. Thus the ABSK are far from effecting a rigid or excessive inhibitory standardization of the ISKV and are therefore not likely to make the partners feel overly constricted by set norms. At the same time, they call for responsible organizational engagement on the part of the agents involved in international production specialization and cooperation.

It will now be necessary to put the ABSK to the test, fully to realize the potential of the ISKV and of all other legal arrangements concerning an advantageous, effective international division of labor, and gradually to improve their legal foundations.

FOOTNOTES

1. As regards the problems concerning the internationally standardized special norms, see
M. Kemper; H. Strohbach and H. Wagner, "Die Allgemeinen Lieferbedingungen des RGW 1968 in der Spruchpraxis sozialistischer Aussenhandelsschiedsgerichte. Kommentar" [The CEMA General Delivery Regulations of 1968 as Interpreted by Socialist Foreign Trade Arbitration Courts. Commentary], Berlin, 1975, especially pp 50 ff.

2. "Allgemeine Bedingungen fuer die Spezialisierung und Kooperation der Produktion zwischen den Organisationen der Mitgliedslaender des RGW (ABSK/RGW)" [General Regulations Concerning the Production Specialization and Cooperation Among the Organizations of the CEMA Member States (ABSK/RGW)], GESETZBLATT, II, 1979, p 50.

3. See "Communique of the CEMA Executive Committee Session," NEUES DEUTSCHLAND, 20/21 Jan 79, p 6.

4. For the GDR, see
"Announcement Concerning the Coming Into Force of the 'General Regulations Concerning the Production Specialization and Cooperation Among the Organizations of the CEMA Member States (ABSK/RGW)," GESETZBLATT, II, p 49.

5. See op. cit. and Article 1, Paragraph 1 of the ABSK/RGW, op. cit.

6. See Article 1, Paragraph 3 of the ABSK/RGW, op. cit.

7. See H. Hutschenreuter, "Government Agreements and Ministerial Arrangements in the System of Contract Forms of the International Production Specialization and Cooperation Within CEMA," STAAT UND RECHT, 1979, pp 512 ff.

8. These included "Basic Principles of the International Division of Labor," NEUES DEUTSCHLAND, 17 Jun 62;
"Effective Measures Concerning the Improvement of Production Specialization and Cooperation, Especially of the Preparation, Formulation and Implementation of Production Specialization and Cooperation," in: "Basic CEMA Documents" (in Russian), Moscow, 1971, pp 371 ff.;
"Complex Program for the Further Improvement and Intensification of the Cooperation and Development of the CEMA Member States' Socialist Economic Integration," in: "Grunddokumente des RGW" [Basic CEMA Documents], Berlin, 1978, pp 47 ff.

9. See the report approved by the 65th Session of the CEMA Executive Committee and published in Russian by the CEMA Secretariat: "Report on the Legal Problems Involved in the Conclusion and Implementation of Agreements Concerning Production Specialization and Cooperation," Moscow, 1973.

10. See A. Koehler, "Further Development of Legal Forms Concerning the Activity of CEMA in the Organization of Specialization and Cooperation," STAAT UND RECHT, 1977, pp 832 ff.

11. See "Principles Concerning the ISKV Between GDR and CSSR Organizations," VERFUEGUNGEN UND MITTEILUNGEN DES MINISTERIUMS FUER AUSSENWIRTSCHAFT, No 3, 1970, pp 26 ff.

12. See the version currently in force, GESETZBLATT, II, 1975, p 277.

13. For a more detailed treatment of the ABSK, see A. Panzer and U. Voigt, "Observations on the Coming Into Force of the CEMA General Regulations on Production Specialization and Cooperation," WIRTSCHAFTSRECHT, 1979, pp 146 ff.

14. See the documents in footnotes 8 and 9.

15. For a general description of this dual function, see O. Kampa, "Problems Concerning the International Agreements on Industrial Cooperation Between Partners From Socialist Countries," STAAT UND RECHT, 1969, pp 1824 ff.

16. In the GDR, these include--according to Article 15, Paragraph 1 of the Decree Concerning the Control and Implementation of Foreign Trade of 9 Sep 76 (GESETZBLATT, I, p 421)--combines and authorized VEB, cooperating with the responsible foreign trade enterprise; the legal validity of the agreements is contingent upon approval by the Ministry of Foreign Trade (see Article 15, Paragraph 2, op. cit., and Implementing Regulation 2 of the Decree Concerning the Control and Implementation of Foreign Trade--Foreign Trade Agreements Subject to Approval--of 3 Oct 77, GESETZBLATT, I, p 350). So-called diagonal relations will not be discussed here.

17. See W. Weise, "Socialist International Production Cooperation," in: "Wissenschaftliche Beitraege der Friedrich-Schiller-Universitaet" [Friedrich Schiller University Studies], Jena, 1975, p 34.

18. See O. Kampa, op. cit.

19. See op. cit. Here the problem is ignored, except for the observation that the ABSK lack a well-defined typical structure and a structural link between rights and obligations. This necessitates greater efforts at creative formulation by the partners, if optimal conditions are desired. For the rest, we refer to the ideas on regulation advanced by D. Kretzschmar: "The Legal Regulation of the International Production Specialization and Cooperation by General CEMA Regulations," Dissertation, Potsdam-Babelsberg, 1973, Supplement.

20. See O. Kampa, op. cit.

21. See "Das System rechtlicher Regelung der sozialistischen oekonomischen Integration" [The System of Legal Regulation of Socialist Economic Integration], Berlin, 1976, pp 219 ff. However, the ISKV is not unanimously regarded as an agreement sui generis.

22. Chapter 3, Paragraph 10, Subparagraph 5/5 of the Complex Program, op. cit., p 104.

23. For an evaluation of these problems in the economic literature, see K. Morgenstern, "Internationale Spezialisierung und Kooperation im RGW" [International Specialization and Cooperation Within CEMA], Berlin, 1977, pp 42 ff;
R. Unbehau, "Legal Problems Concerning Socialist Economic Integration From the Point of View of an Industrial Ministry," WIRTSCHAFTSRECHT, 1977, pp 72 ff.

24. See W. Kunz, "Socialist Economic Integration--Guaranty and Source of Continuous Development," EINHEIT, 1976, pp 49 ff.

25. As regards the definition of cooperation and the nature of the relationship between specialization and cooperation, opinions differ. The ABSK define neither cooperation nor the ISKV. I am proceeding here from the given reference terms "specialization" and "cooperation" without being able to discuss these problems in greater detail.

26. See "Das System rechtlicher Regelung ...," op. cit., pp 215 ff.

27. At present, there are more than 100 multilateral agreements on specialization and cooperation. With regard to the beginning of this process, see
H. Arend, "Multilateral International Economic Agreements," SOZIALISTISCHE AUSSENWIRTSCHAFT, No 2, 1972, pp 7 ff.

28. The aforementioned standardization of the agreements, which was encouraged by the employment of model texts that were by this time accepted, is quite problematic. There is the danger that this standardization does not make sufficient allowance for concrete conditions and requirements and that it is not sufficient to trigger the potentially mobilizing effect of the ISKV. I agree with Paul's considerations concerning changes in the contract practice for the following plan period. See
V. Paul, "Observations on the Problems Concerning Agreements on International Specialization and Cooperation Among Organizations of the CEMA Member States," PRAVNI ZPRAVODAJ, No 1, 1978, p 4.

29. See A. Koehler, "Further Development ...," op. cit., p 834. Due to the lack of pertinent provisions in the ABSK, this problem continues to be in need of contractual interpretation.

30. See K. Morgenstern, "Internationale Spezialisierung ...," op. cit., p 171.

31. See footnotes 8 and 9.

32. See footnote 9. Implementation of the report had been left to the discretion of the respective countries.

33. Thus the ABSK represent a legal act of a fundamentally peremptory nature (Article 1, Paragraphs 1 and 2) in which the various types of norms are expediently combined. See
O. Kampa; D. Maskov and L. Ruester, "Socialist Economic Integration and Legal Development," STAAT UND RECHT, 1978, p 943.
I consider this link to be appropriate on account of the special characteristics of the ISKP and on account of the present level of a potential community of interests, of the need for regulation, and of the amenability to legal generalization. For the rest, one should follow Kemper and Wiemann who view the problem in the context of the given conditions. See
M. Kemper and H. Wiemann, "The Characteristics of the CEMA Foreign Trade Agreements," STAAT UND RECHT, 1965, pp 200 ff.

34. This regulation is in need of interpretation, insofar as parts of the ABSK have specifically been declared to be inalterable (e.g. Paragraph VII). It is safe to assume that this was meant to remove those absolutely peremptory regulations from the divergent agreement.

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SITUATION OF CEMA MACHINE INDUSTRY PRODUCTION VIEWED

Budapest NEPSZABADSAG in Hungarian 13 Feb 80 p 10

[Article by Dr. Peter Szonyi, main department head, International Economic Relations Secretariat: "Condition for Improving the Competitiveness"]

[Text] Subunit and Spare Parts Production in CEMA's Machine Industry

The level of machine industry's modernness of manufacturing technology and the modernness of its finished product structure are determined in most machine industry communication technology and electronics branches to a large extent by the extent of specialization in the manufacturing of subunits, main assemblies, spare parts and components. At today's level of manufacturing technologies on the machinery industry the extent of specialization in the manufacturing operations often determines the level of productivity and economic efficiency. The level of efficiency in operations specializing in the manufacture of main assemblies, spare parts and components in the machine industry and in electronics is high because in general they have well trained specialists and modern technologies. In these plants for the most part the conditions for long production runs or for mass production, as well as low overhead costs can be insured if they can also keep up with the requirements of technological progress.

Significance of "Background"

Today's modern machinery manufacture and telecommunication industry are in essence machinery building and assembling industries, where the enterprise assembling the finished product makes use of the technical expertise, capacity and products of other specialized enterprises. Therefore we see a high degree of diversification in the finished products and high degree of standardization and specialization in the "background," relying on tremendous scientific-technological foundations. Today's level of technology is characterized on the one hand by the relatively inexpensive mass production in specialized operations and on the other hand by the use of a certain proportion of some main assemblies, parts and components which are for the most part also standardized internationally. These latter by themselves also contain technologically complicated intellectual values, even though they are "only" components of the end product. For example

the technological level of today's machine tools is determined by [their] computer control, by the microprocessors included in these, the high torque motors, bearing assemblies, presicion tools made of very hard, good quality steel. Excellent quality raw materials, high technical knowledge, over-all creative utilization of a whole series of results of basic and applied scientific research are needed for the specialized manufacture of these. Thus we can also consider today's machine industry to be a huge system which assumes excellent quality and reliability, independence and competitiveness mutually among the partners.

The Extent by which We Lag Behind Others

What conditions come about in the development of certain national economy or in the international economic relationships for the specialized production of the above mentioned products depends on the historical circumstances of industrial development, on the given country's or region's system of economic conditions and especially on the degree of technological advancement.

In the Western European capitalist countries, as a result of the forcing influence of competition, hundreds of enterprises specializing in the manufacture of machine industry subunits came into existence even before World War II. For example the smaller industrialized European capitalist countries did not build up the complete verticals of some sub-branches of the machine industry, but specialized in the production of certain subunits and products, and thus created an effective machine industry structure. This made it possible for the trade in sub-assemblies to broaden significantly within the country as well as--and especially--on the international level.

The Hungarian machine industry has achieved results in the last 20 to 25 years in the manufacture of specialized main units and spare parts. For example the manufacture of rolling contact bearings is performed in specialized operation, in concentrated manner, in large volume and on a high technological level. The Raba rear assemblies produced in long production series are of commonly recognized high technological level even in worldwide respects. At the same time these are also good examples for the socialist economic integration, because in part they developed on the basis of specialization among the CEMA countries, such as the bearing industry, and in part they were built for the foundations of the larger market which prevails within CEMA's framework, such as the manufacture of rear assemblies.

But such examples are few, therefore the Hungarian machine industry is today battling with the difficulty of a large part of our enterprises being excessively vertical, their domestic and international relationships are underdeveloped. According to technological-economic estimates, as a result of this only 18 to 20 percent of the machinery components are produced in economical production series. A significant portion of the

enterprises either produce the majority of component parts and main units necessary for the end product by themselves, from the simplest to the more complicated structural elements, or--mainly in the cases of parts requiring higher technological sophistication--they are forced to import them from the capitalist market. This latter is a significant and constantly increasing factor of our capitalist import's growth, and thus of our [payment] balance problems.

Results and Shortcomings

In the last two decades the countries grouped in CEMA have increased their investment-oriented machine industry product sales by over nine-fold. Currently the ration of sales of investment goods being exchanged among the CEMA countries exceeds 45 percent of the total merchandise volume. This ration is characteristic for foreign trade among the most advanced countries.

There are also initial results in the cooperation among CEMA countries in the area of international specialization and cooperation in the areas of specialization in main unit and spare parts manufacture, for example in the specialized production of machine tool accessories and supplementary products; supplementary products for ships; automotive subassemblies, main units, spare parts (engines, transmissions, rear and front end assemblies, power steering); automated control, operating and regulating instruments; hydraulic and pneumatic equipment; several types of electric motors and low voltage equipment. Multilateral international specialization in the broad scale of rolling contact bearings must be mentioned separately, as must the multilateral sharing in the production of components for the Lada automobiles and for other automobiles as well.

Multilateral cooperation has also begun in the telecommunication industry in the manufacture of radio parts and components and of semiconductor equipment and integrated circuits. In the comprehensive program adopted at CEMA's 25th session and within the framework of goal programs approved at the CEMA sessions of recent years, specialization proposals have been worked out among other things for the production of subassembly components of metallurgical equipment, refrigeration equipment, pumps, NC machine tools, railroad cars, diesel locomotives, tractors, construction machinery, and electrovacuum-technology equipment.

In spite of all these we are far from being able to be satisfied with the results of this area of the socialist economic integration. Today the extensive reserves of integration's progress are no longer expanding rapidly. The increase of efficiency and decrease of raw material and energy demands per unit of national income produced require rapid growth of mechanization and automation. This would make it necessary to sharply increase international cooperation in subunits and in connection with this the sales of specialized component parts among the CEMA countries.

In the foreign trade of the advanced capitalist countries the sale of machine industrial subunits plays a significant role. According to the UN data in 1976 the nine countries of the European Common Market accounted for almost 60 percent of the world's export of machine parts, whereas this region only had a share of 26 percent in the world export of all machine industrial products. At the same time the CEMA countries--based on incomplete data--had about 8 percent of the world's export of machine parts, and this share is even lower than their 11 percent share in the world export of machine industrial end products. On the other hand their import of machine industrial parts amounted to 18 percent of the world's volume, which witnesses their significant need for such products and especially the large volume of their imports from the nonsocialist countries.

Increasing Number of Tasks

Thus in the process of integration of the CEMA countries--illustrated also by the comparative data--there still are many opportunities to increase the sales of machine industrial subunits. Work must be done not only on working out the international specialization and cooperative proposals for main units, component parts and components. Compared to the past the standardization will have to be improved, and also it will be expeditious to create the favorable conditions for expanding the direct relationships among the producing enterprises. This latter is indispensible necessary for that trust which is needed for specialization and for expanding the sales of machine industrial subunits based on this, among the CEMA countries. The practice should be expanded whereby the producers of finished products can mutually place orders for component parts deliveries with the specialized parts manufacturing enterprises of the CEMA countries on the basis of catalogs of these, within the framework of the appropriate foreign trade value contingencies. This also requires the development of contractual prices which provide incentives. In the case of cooperative component parts deliveries among the CEMA countries one cannot start out from the internal production costs of the individual countries but the world market's value judgement must be acknowledged in this area also.

In agreement with worldwide trends the Soviet Union will probably have an even more outstanding role than before in supplying the CEMA countries with component parts and subunits based on advanced technological foundations and on optimal technologies, which can be manufactured economically only in very large volumes. This refers particularly to telecommunication and electronics components. According to their given conditions and opportunities the other CEMA countries can also build up their narrower-profiled bases for producing specialized component parts for their socialist partners, on the basis of long range cooperative agreements made with them.

Thus the task affects both the domestic industrial policy and--particularly --the acceleration of the process of socialist economic integration. In this area elimination of the lagging behind others is an important condition of our industry's competitiveness. And, regarding the growth of

socialist economic integration the guidelines of MSZMP's 12th Congress contain the following: The international economic conditions and the common interests urgently demand that the economic growth policies of the CEMA countries be better coordinated...During the course of deepening the bi- and multilateral economic links we endeavor to open up new, longer range economical [sic] cooperative opportunities and to increase the specialization and cooperation in production which also extends over spare parts and component units.

8584
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CURRENT SITUATION IN COMMUNAL ECONOMY SECTOR

Tirana BASHKIMI in Albanian 27 Dec 79 pp 1,2

[Interview with Director General of the Communal Economy Rrapo Dervishi, by the editor of this newspaper: "The Workers in the Communal Sector Will Work Better To Carry Out All the Services for the People on Time"]

[Text] Question: Comrade Rrapo, what are the achievements of the workers of the communal sector for 1979, this jubilee year of the 35 anniversary of the liberation of the fatherland?

Answer: The workers in the communal sector, like all the other workers in the country, under the guidance of the party, are mobilized and are completing the tasks for the 1979 plan. This year the communal economy has grown and developed well while better satisfying the requirements of the people for services and repairs. Improvements have been made in producing the time for completing tasks; qualitative control has been strengthened, better work has been done to generalize advanced practices; the requirement of accounting for work done has been increased; old artisan methods of work and management have been combatted. There has been a great struggle against globalism in the fulfillment of tasks. Now, there is a better understanding in regard to the fulfillment of the duties of the plan for the people. In 1979, the plan for services, repairs and orders for the people will be realized by 7 percent more than in 1978. This increase in the services for the people is greater than that realized in both 1976 and 1977 put together. Parallel to services for the people, the communal economy will realize the general industrial production plan by 102 percent. Total services and repairs will be realized by 102 percent.

During this year, good work has been done to strengthen the economic and financial condition of the enterprises. Parallel to the indicators of the yearly plan the centralized net income will be realized by 101.5 percent, and the net income for enterprises by 101 percent. Nine enterprises showed losses in 1977, none of the enterprises show losses for 1979. Special importance has been given to the problem of setting work norms. The participation of workers who work by norms will be around 80 percent at the end of 1979; for those who work by technical norms it will be 42 percent, a thing which had not even been considered before, because it was thought that technical norms could not be applied to communal services.

During this year more effort has gone into the maintenance of houses, and 20 percent more apartments were built than in 1979. During the Summer season, services improved at the beach. Better work has been done to maintain reserves and delivery of firewood, kerosene and coal. Good work has been done in the upkeep of park and gardens in the cities, especially in Tirana, Vlore, Berat, Pogradec, Shkoder, Lezhe, Kukes, and others.

During this year better work has been done in maintaining a continuous supply of electricity to the cities and villages and defects have decreased. This year, in implementing Council of Ministers Decision No. 58, dated 14/9/1978, concerning the supplying of drinking water, good results have been achieved in Tirana and other districts in the evaluation, administration and the economical use of drinking water.

In the villages, better work has been done than in other years, to improve communal services: villages have been given assistance in preparing and training specialists, in building water systems and in connecting villages to hard surface roads; activities have been organized in Tirana and other areas, to take care of communal problems in the villages, which has helped to increase communal services in the villages.

The year 1979 was a year of important activities and events for the workers in the communal economy. During this year, services and work for the beautification and good appearance of cities were handled better within the framework of the numerous festivities, such as the Congress of the Democratic Front in Vlore, the jubilee festivities in Permet, Berat and Tirana, the festivities in Shkoder, Lezhe, Stalin City, and so on. Special tasks were accomplished in the districts of Lezhe and Shkoder in the construction of electrical and water systems etc., to eliminate the effects of the earthquake.

Question: An important indicator of the work in the communal services sector is, without doubt, the quality and variety of work and the timely providing of services to the people. We would like you to tell us how the workers colelctives of the communal services have worked to raise the quality and variety of work done, in order to respond, as well and as much as possible, to the needs of the people for these services?

Answer: The dynamics of the development in our country, the continued growth of the material and cultural condition of our working masses presents important duties in the area of the quality and variety of services performed. In order to make basic changes for overall qualitative improvement and to solve the problem of the lack of variety in services offered, it is necessary for all the workers in the communal sector to have a deeper political and ideological understanding of this problem: problems have been faced; seminars and consultations have taken place to generalize advanced experiences. We have struggled against the foreign concept, which existed among some workers that "the quality of communal services and repairs cannot be controlled." Parallel to the educational work to instill in the workers the correct concepts, concrete measures have been taken to establish order and discipline in regard

to quality. Quality control offices and their activities have raised to a higher level the work for strengthening qualitity control. Good work has been done by the activ of every enterprise, as well as by workers collectives themselves, to understand and implement the recommendations of the Seventh Party Congress that "the people should be served politely and quickly and conditions be created so that workers will not waste time while working on repairs and services." Greater accounting has been demanded in regard to quality; there has been harsh criticism of cadres and workers, who have not properly executed services to the people, who concentrate on total figures, who put personal interest above the interest of the people. Technical and financial controls have been strengthened and better help in this direction has been given by worker control within the enterprise and at the district level. In some services, such as in the repairs of radios, televisions, washing machines and in clocks, where quality control while work is in progress is more difficult, service guarantees have been issued. This not only has increased the confidence of the people, but has also strengthened the responsibility of the workers.

Next year we shall take very serious measures to strengthen educational work dealing with quality improvement: we shall emphasize the good example set by individuals, as well as the example set by service units. In addition, during 1980, we shall strengthen controls over the implementation of technical methods in all units and sectors which need them; we shall establish regulations whereby every completed job will undergo quality control. In services dealing with housing the evaluation of work completed will be made by the citizen himself and the technical controller of the housing unit. In order to better satisfy the needs of the people with a variety of services, during 1979, around 200 new activities were begun in the cities, agricultural enterprises and industrial centers; steps were taken to provide them with specialists, sites for the services and the necessary supplies. There is better understanding now of the need to centralize the network of services, yet, in spite of the results achieved, independent networks still exist, especially in large cities like Tirana, Shkoder, Elbasan, Korce, and others. The fact is that a centralized network of services has several advantages: it strengthens the educational process of the workers, it increases training, organization and better control of work. In 1980 we shall have more organized and more productive work in this direction by applying more effectively the investments received, by building units on the first floors of dwellings in which we are investors; a possibility which we have not been able to exploit.

Better work has been done this year than in 1978 to reduce the time for completing services. Measures have been taken to increase the number of house painters and garment workers, etc., in the communal services and workers have been trained in two or more trades. In addition we have improved the home servicing of heavy and delicate objects: electrical appliances, woodwork and so on. Improvements have been made in 24-hour emergency communal services.

Question: Which are some of your tasks for the last year of the Sixth Five Year Plan?

Answer: Regardless of the measures that have been taken and the results that have been achieved to date, we are conscious that we have not fulfilled the demands, therefore, in 1980, stronger and more extensive measures will be taken to expand the communal services according to the demands.

The tasks planned for 1980 are even greater. Services for the people will increase by almost 8 percent as compared to 1979. Thirteen percent more apartments will be built than in 1979. Work will start on the sewage systems in the cities of Shkoder, Kavaje and Pogradec. Important work will go on in the water systems of these cities.

The attention given to communal services in the villages will increase and we shall continue our work of giving greater aid to the development of communal services increasing their variety and preparing more specialists for the villages. At the same time we shall continue to work to improve the supplying of water and electric power to the villages, as well as work to link the villages by means of hard surface roads.

According to a study to increase the variety of services in cities, industrial centers and agricultural enterprises, it is planned that in 1980 around 400 new service activities will be started. The number of workers in communal services will increase by 5 percent. The training of the workers and the skills of the cadres will increase, with determination and so will the quality and quantity of the material base, which is one of the most important factors for a basic improvement in the quality and quantity of communal services. Measures have been taken and we are convinced that during the coming year there will be a better solution to these problems which are so important to us. Better work will be done for the socialist organization of labor in the area of setting work sepcialization and strengthening work sectors. We shall strengthen socialist emulation, we shall generalize, with care and special responsibility, advanced work methods and the development of the technical and scientific revolution; we shall make increased productivity, increased mechanization of work and strong proletarian discipline important issues for the workers. We shall struggle with all our strength against foreign manifestations, such as putting personal interest above the general interest, against taking tips and irresponsible and ill-mannered attitudes and behaviour.

Like all the workers in our country, under the leadership of the party, we shall study, solve and implement with great care the powerful and illuminating laws of the state and teachings of the party. We shall make 1980 a year of unusual impetus in order to deserve, as Comrade Enver Hoxha teaches us, the honorable title of "servant of the people."

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CSO: 2100

ENHANCED ROLE FOR ECONOMISTS ENVISAGED

Tirana ZERI I POPULLIT in Albanian 5 Jan 80 p 3

[Article by Petro Dode, chairman of the State Planning Commission: "The Raising of the Level of the Planning and Management of the Economy Requires That the Role of Economists Be Further Enhanced"; passages between slantlines printed in boldface]

[Text] The party has always regarded the perfection of the scientific organization and management of the economy, as one of the most important issues for the development, at the most rapid rate, of the production forces and for an uninterrupted perfection of socialist relations in production. This task assumes a special importance today, when the comprehensive development of the economy at rapid rates is being achieved entirely on the basis of domestic human, material and financial resources and under the conditions of the fierce imperialist and revisionist blockade.

In the efforts to implement the tasks assigned by the Seventh Party Congress and the recent plenums of the Party Central Committee, as well as to apply Comrade Enver's teachings, a number of important measures have been taken and executed in the field of the management of the economy--measures that have further revolutionized and strengthened the management of the economy, responding to the conditions, situations and tasks set forth by the party for the development of the economy and culture.

However, much remains to be done in this field by the state and economic organs, since one can still observe shortcomings and weaknesses expressed at various levels and in various forms.

In this framework, important tasks are also assigned to the economic and financial planning organs at the grass roots, in the districts and at the center, as well as to all economists and financial cadres wherever they work. The party has continually required and requires an increasingly better, comprehensive activism on their part in regard to all the issues concerning the organization and management of the economy; it demands the further improvement and strengthening of the role of economists

in the most correct solutions of all economic and social problems that are set forth before us.

Today, more than 4,800 economists and financial cadres with higher education and more than 11,600 others with middle education are working in the various branches and sectors of the economy and culture. The economists constitute a great force of economic thought; they are fully capable of implementing, in the best way possible, together with all other workers, the tasks assigned by the party for further perfecting the scientific management of the economy.

The analyses and investigations carried out time after time in connection with the work of economists in various enterprises, cooperatives and districts, along with the achievements, also emphasize the need for them to improve and further increase their work in some main directions.

/The Implementation of the Economic Policy of the Party--a Basic Task/

"The complete and correct execution of the Marxist-Leninist economic policy of the party and of its guidelines and directives," Comrade Enver said at the Seventh Party Congress, "has been and remains the basic issue in the entire process of the management of the economy." Comrade Enver also teaches us that the knowledge of the objective economic laws of socialism makes it possible to penetrate into the essence of economic and social phenomena and to reach conclusions for the scientific management of the economy. Therefore, the main issue, where the economists must find their guidance in their activity, is the knowledge, study, analysis and execution, in the best way possible, of the line and economic policy of the party and of the objective economic laws of socialism.

Practice shows that in the enterprises, cooperatives, districts and economic branches where the results are good, the role played by economists and financial cadres also is at the desired level, and economic thought is more and more transformed into a driving force, mobilizing the working collectives and internal reserves for fulfilling the tasks assigned.

The wood processing enterprise or the Bushat agricultural cooperative in Shkoder District, the plastic enterprise in Durres, the Ndroq agricultural cooperative in Tirana, the knitwear and instruments enterprises in Korce, the agricultural enterprise in Skrapar and the plan and finance sections of the executive committees of the people's councils in Korce, Shkoder, Elbasan and Pogradec districts and so forth are positive examples that tell about the role played by the plan branches and the economists, when they delve into the economic policy of the party and into the activity of the economic laws of socialism.

However, presently, some economists and financial cadres, who work in the various links of the state and economic management or in the special organs of the economy and finance planning sections, in many cases, do a

routine work, converting themselves into simple and mechanical registrars and workers of some indicators. These economists and finance workers must give up this kind of method; they must deal thoroughly with the problems and find the ways to solve them; they must propose measures and operate personally in the management of the economic and of social processes, based on the party line and in accordance with its guidelines and directives. Therefore, the work of the basic party organizations and of the state and economic organs at the grass roots and in the districts and ministries, as well as our work as central planning organs, must aim better at making the economists properly play their role in the building of our socialist society.

The solution of the problems of economic development today and in the future, on the basis of the principle of relying on one's own forces, and the confrontation with the fierce imperialist and revisionist encirclement and blockade of our country, as well as with the influence of the economic and financial crises that are continually expanding in the capitalist, bourgeois and revisionist world, have emphasized more than ever before the need for the most thorough knowledge and utilization of all the human, material, technical and financial resources and reserves in order to guarantee the most rapid rates of development of the economy. Today the party assigns very important tasks for the study of the progress of expanded socialist reproduction in all the connections that exist between its aspects. In these matters, the planning, statistical and accountability economists play a special role.

The party has continually worked and is working so that all workers will know and implement its economic policy and the requirements of the economic laws that affect the socialist production. It is the work of the economists, more than anybody else, to deal thoroughly with all the matters that concern the action of the economic laws and of their conscientious execution. They, as Comrade Enver recommended at the Vlore activ, must be the main propagandists of the party in helping to analyze and concretize the requirements of the economic laws so that these laws will be understood by all workers, cooperative members and the working people and will find their expression in all the various indices of the plan, so that the most correct concepts about the rigorous execution of the tasks assigned will be formed among all workers.

To fulfill these tasks, it is necessary for the economists of the planning and accountability sections to further improve the work connected with the handling of economic matters in every production unit, in the district executive committees and in the ministries and other central institutions, where they work. Analyses of the plan fulfillment, documentation of draft plans and studies of an economic and financial nature must rely more on the categories and laws of the political economics of socialism.

The execution of the tasks assigned by the Sixth Plenum of the Party Central committee for guaranteeing the best ratios in the fulfillment of expanded

socialist reproduction requires that the indicators of social product, national revenues and so forth be studied and utilized in the broadest way possible by enterprises and cooperatives.

The practice being applied by many plan sections in the executive committees of the districts for handling and pursuing the realization of social product, of net revenues and of the indices that characterize the ratios of expanded reproduction at the district level must be expanded and promoted by extending it to the other districts, and, by all means, to the enterprise and cooperative levels.

/Thorough and Continuous Economic and Financial Studies and Analyses/

The management of the economy in all its links is comprehensive; it includes economic and financial problems concerning the organization of work and production, technique and technology, the perfection of relationships in the field of production, distribution and consumption of material goods and so forth. In all these matters the economist has a great role and position which he must justify through his work and continuous efforts.

During the past years, on the basis of the tasks assigned by the party and Comrade Enver's teachings, our economists have been involved in a broader and comprehensive work for deep and serious studies, analyses and surveys with an economic and financial character. From these analyses and studies, carried out in various enterprises and cooperatives, up to the level of all the economy, important conclusions have been drawn for the progress of expanded reproduction.

Nevertheless, there are still many economists, especially in some enterprises and cooperatives, who do not pursue studies and analyses properly and who do a superficial work and without perspective. We must fight the wrong concepts that we meet in many cases--that the economist, who works as a norm setter, as a statistician or as an accountant, does not have to deal with studies and analyses, or that some economists minimize the study work involved in the preparation of some reports on the fulfillment of the economic and financial plan. Reports on the fulfillment of the plan tasks must be made and, presently, it is required that reports be expanded and that their quality and presentation be improved. However, reports can never and must never replace the economic and financial studies and analyses, from which important conclusions are drawn, conclusions that cannot be obtained from operational reports.

Speaking at the meeting of the Politburo of the Party Central Committee in September 1977 on the role that the economist must play, Comrade Enver again re-emphasized Lenin's words, that the economist, instead of dealing with generalities, must tackle the concrete analysis and study of facts and data that he has and must say: this is the situation and this is how it should be improved.

Through the analyses, studies and surveys that the economists should carry out, by themselves or together with other workers and cadres in enterprises, cooperatives and districts or at the branch level, it must be made possible for revolutionary economic thought to be invigorated and to ferment everywhere. The statistical workers must carry out a more expanded work, especially in regard to this matter.

It is necessary for the economic studies to be better managed and have clear objectives. They must be of better use in drafting a plan as scientific, mobilizing and revolutionary as possible and in fulfilling it, in the best way possible, based on the rational utilization of production capacities, on the improvement of the effectiveness of material expenditures for the social product and of work productivity, for a continuous and rapid development of our socialist economy, relying on domestic material and financial resources and reserves, and for the perfection of socialist relationships in production on the revolutionary road. Economic thought is not the monopoly of economists; but it is the duty of the economists to give the main example in this direction.

This makes it essential for the economists and financial cadres, to further revolutionize the work method and style, as an essential matter connected with the increased influence of their work in the planned management of the economy.

First of all, it is required that the tendency, observed in some economists and financial officers to carry out their work closed up in an office, must be fought. The work of an economist is effective when it knows living activity and when it reflects it in the most realistic manner. This requires that the economist transfer a great part of his work from the office to the work unit, plant and to the field and so forth, so as to acquaint himself with real life, with the practical and revolutionary activity of the working collectives, in order that later, on the basis of generalizations, he will make his proposals for improving this or that thing by taking, and executing, this or that measure.

Such is the work experience of the planning and finance branches of the "Stalin" textile combine in Tirana. Knowing the problems of production from close range and closely connecting their work with that of workers and specialists, they frequently produce proposals for improving the effectiveness of production. The planning sections of the executive committees of the people's councils of Korce District and Elbasan District also have a good experience in work. Their close relationships with enterprises and cooperatives, especially with the planning organs at the grass roots, give them the opportunity to acquaint themselves better with the economic situation of the district and, from time to time, to raise problems for the leadership organs of the party and the state. At the same time, the studies and analyses carried out by these sections, in cooperation with the finance sections and other sections of the executive committee, also activating the planning organs at the grass roots, have improved

their active role in the work of drawing up of draft plans, by proposing concrete ways for improving the economic indicators, proposed by the grass roots, as well as for solving various problems at the district level.

The economist must consider his work as being completed only when the conclusions and measures, which he has proposed and which have been found correct by the leadership organs, have found their practical execution in the economic and productive activity of the enterprise, cooperative, district or economic branch. This means that the work of an economist does not end with the completion of the study or the analysis. On the contrary, the study work and analysis must be considered as the beginning of the work for the change or improvement of the situation, when such a thing is required. For this, it is necessary that the basic party organizations and leaders of enterprises, cooperatives, districts and ministries better evaluate the studies that the economists have done and give them their support in order that they might implement the measures that have been proposed.

Also, the state and economic organs, better evaluating the work of economists and of planning organs, must create for them the necessary conditions for the implementation of their tasks. In practice, there are many cases showing that different leaders, occasionally failing to have correct concepts about the work of the economist, do not make a correct distribution of tasks among the administrative and technical personnel of the enterprise or cooperative and so forth; thus, the economists and, especially the planning organs, are burdened with recording works and other works that do not concern them. Consequently, they are often buried in office work and fruitless work.

The execution of the tasks with the best possible effectiveness by the economist requires that he ~~should~~ further extend his knowledge of the main technical and technological issues, so that he will have them in mind during the process of analyses and studies. The economists cannot make scientific studies and plans of costs, of work productivity and so forth, if they do not know the main issues of techniques and technology and the possibilities for improving them. Especially today, when enterprises, plants and workshops with difficult techniques and technology have been set up in our country, the strengthening of their cooperation with the specialists and workers, who know these problems well, is set forth as a duty.

Despite the good work achieved during the past years, on the basis of the tasks assigned by the Seventh Party Congress and the Sixth Plenum of the Party Central Committee, I stress that advanced experience is not being properly used for perfecting the organization and management of production. /Formal activity is still observed in this field./ This situation is also connected with the insufficient work on the part of some economists and financial officers to implement the advanced experience and,

in this connection, one can still see a superficial and formal work. Consequently, in practice, in some enterprises and cooperatives, while planning is done on the basis of advanced experience, in fact, the results achieved are quite low in some cases.

Here we have dealt with some of the main tasks of economists for improving the scientific management of the economy. However, they must also work better in many other fields. It is particularly necessary for them to deal much better with the execution of the entire methodology of planning by all the links of the management of the economy, with the perfecting of statistical work and so forth, considering them as among the essential conditions connected with the further perfecting of the planned management of the economy.

9150
CSO: 2100

PLANS FOR INCREASING SUPPLIES OF CONSUMER GOODS

Tirana BASHKIMI in Albanian 11 Dec 79 pp 1,2

[Interview with Kristaq Dollaku, Minister of Light Industry and the Food Industry: "Resolute Work To Satisfy Better and Better the Needs of the People for Consumer Goods"]

[Text] Question: Comrade minister, what are the main achievements of the workers of light industry and the food industry during 1979?

Answer: Like the other years of the sixth five-year plan, 1979 was characterized by a further increase of the level of organization and mobilization at work, by the revolutionary initiatives of the workers for the fulfillment and over-fulfillment of the plan tasks, in the struggle against the difficulties created by the fierce imperialist-revisionist blockade.

The workers of light industry and the food industry, led by the party and inspired by the recommendations of comrade Enver made during his visits in Lezhe and Shkoder districts and in his speech at the Bahcelleku meeting, are ending 1979 with good results. The tasks of the 1979 plan are being fulfilled and over-fulfilled by the workers in the textile and knitwear industry, the electro-mechanical industry, the glass- ceramics industry, the edible fats, flour, and dairy products branches and so forth. This year about 22 percent more consumer goods are expected to be provided for export than in the previous year.

In some branches of light industry and the food industry new technologies are being implemented, thus improving the range and structure of products. In the textile and knitwear industry synthetic fibres are being introduced, new processes of finishing are being carried out which help increase sturdiness and improve the attractiveness of textiles and of knitted goods. The hydrogenation of oils was carried out for the first time in the food industry, substitution with synthetic material is being expanded in the shoe industry; in the production of television sets, the use of domestically produced components such as integrated circuits is being expanded; the glass-ceramics branch has expanded the range of various simple and decorative articles and so forth.

By better struggling for the increase of the effectiveness of production, our workers have lowered production cost by about 75 million leks compared to the 1978 level, and many branches of light industry and the food industry are fulfilling the economic-financial indicators.

To meet the increase of agricultural and livestock products, their storage and processing capacity was further expanded this year, and now almost every district has established its own base for the processing of vegatables, dairy products and grapes, for making flour, and so forth.

Question: The Seventh Party Congress and the decisions of the recent plenums of the Central Committee of the AWP have issued important tasks for the increase of the production of consumer goods, for the better satisfaction of the needs of the people. What kind of work was done to implement these tasks during the current year?

Answer: The consumer goods industry has grown and expanded during this five-year period in accordance with the decisions of the Seventh Party Congress and the plenums of the Central Committee of the AWP.

The production of light industry and the food industry in 1979 is 20.5 percent higher than in 1975. The production of some main articles such as shoes has increased 28.5 percent, of knitwear--32 percent, of televisions--25 percent, of clothing--10.8 percent, of glass articles--31.6 percent, of kitchen stoves--90 percent, of sugar--53.6 percent, of edible fats--33.3 percent, of macaroni--24.6 percent, and so forth.

The plan tasks for this year are being fulfilled so as a result of the thorough utilization of the existing production capacities and of the expansion and creation of new capacities.

Inspired by the teachings and decisions of the party and of the government, and mobilized to welcome with the best possible results the great holidays of November, this year, many working collectives are fulfilling and over-fulfilling on a regular basis the economic-financial indicators of the current year. Among the outstanding enterprises are the collectives of the "Stalin" textile combine, of the glass factory in Korce and Tirana, the meat and milk enterprise in Tirana, the textile combine and food enterprise in Berat, the collection enterprises in Tirana, Korce, Fier, the rug enterprise in Kavaje, the radio-television factory in Durres, and so forth.

Conscious of the difficulties and the obstacles arising from the imperialist-revisionist blockade, the workers of light industry and the food industry during the current year, have with undaunted trust in the party, struggled better, for the further expansion of the assortment of consumer goods. For the first time this year, new articles such as: bicycles for adults, textile articles with new designs and patterns, new models of shoes and sandals, accessories made of domestically produced synthetics, a number of small goods for daily use, and so forth were produced and placed on the market.

As a result of the special care shown by the party during the 35 years of the peoples government for the development of light industry and the food industry, today this industry satisfies over 85 percent of the needs of the country for consumer goods. The textile industry, the knitwear industry, the leather-shoe and clothing industry, fully satisfy the needs of the country for plastic for accessories, children's toys and so forth. The glass and ceramic industry, too, fully satisfy the needs of the country for glass and ceramics articles. The artistic enterprises have considerably increased the processing of local raw materials and have supplied the export and the domestic market with a broad assortment and the best quality products. Dozens of specialized enterprises of the food industry process agricultural and livestock raw materials for the production of sugar, milk, oils, concentrated foods, beverages, macroni, sausages, and so forth.

Question: What can you tell us about the work done for the further deepening of the technical-scientific revolution in light industry and the food industry?

Answer: The workers in light industry and the food industry, in carrying out the party guidelines and the instructions of comrade Enver for the further deepening of the technical-scientific revolution, have, during 1979 recorded a series of successes in carrying out studies, plans and important accomplishments for the economy, through complete self-reliance. Important design and execution work was carried out in building the new sugar plant, to double the production capacity of the Maliq sugar combine. In accordance with the directives of the Seventh Party Congress to increase the domestic production of sugar in 1980 by 80 percent over 1975, this project was completed according to schedule and qualitatively, both as regards its technological level and its construction and installation.

The experience gained in designing and building this project entirely through our own forces served as a shining example of co-operation and coordination of the creative thought and effort of the design and execution workers of the sugar combine, of the institutes, and of the respective plants and enterprises of some economic ministries. This became a true school of tempering and training in overcoming many difficulties and defeating many restraining, technocratic and intellectualist concepts in order to design, produce and build, through our own forces, other new complete and complex projects.

As a result of the work of internal design and building forces, spinning mill No. 3 and the velvet fabric line were set up in the "Stalin" textile combine. The first machines for the weaving and dyeing of bobbin yarns were produced and put into operation in the Berat textile combine. In the Tirana chemical enterprise, the unit for the production of the yellow oxide of lead and the line for the production of pigment dyes for the leather industry were set up and plan for the extraction of olive oil was set-up in Sasaj, and similar plants are being completed in Ballsh and Lac, and so forth.

For the completion of the new rubber plant in Durres, sabotaged by the Chinese revisionists, and for the building of new lines and plants, a great work has been done and is being done to design and produce domestically machines and

equipment which will be used for the expansion of the rubber industry, which has become, at the present time, a very important sector for the entire people's economy.

In the radio-television plant in Durres the domestic production of transistors and of semi-conductors for television sets and of electronic components for the automation of the work and production processes production is being studied.

During 1979, in this broad movement which has exploded in the working collectives for the expansion of the technical-scientific revolution, about 200 high and middle cadres on leave from work, many work groups, bureaus and technical cells and a large number of workers have been activated. They are participating in studies, experiments and practical applications to solve scientific problems, to develop and carry out the new technology, the assimilation and production of new articles up to the minuscle and very minuscle ones, as well as for the setting up of new lines and plants.

Question: The year 1980 is the last of the sixth five-year period. What are some of the main tasks for the workers of light industry and the food industry?

Answer: The achievements of 1979 mentioned above, and of the other three years of the sixth five-year period, constitute a healthy basis for the fulfillment of the sixth five-year plan. We are aware that our work during this year for the fulfillment of the plan tasks has not been free of shortcomings. There are some enterprises which are not fulfilling production, and achieving the planned assortment, productivity, cost reduction, and economic-financial indicators. The rescuing of these enterprises from backwardness represents a reserve for the improvement of indicators in 1980, and this constitutes one of the main tasks of the work collectives of these enterprises for us in 1980 also.

The plan tasks for 1980 are quite pressing. The overall industrial production, according to the draft plan for 1980, will increase considerably in comparison to the expected fulfillment of this year; it is even higher than the production envisaged in the sixth five-year plan for 1980. In comparison with the expected fulfillment of 1979, in 1980 the production of the chemical industry will increase-36.3 percent, of the machine branch--10.8 percent, of glass and ceramics--6.9 percent, of shoes--13.6 percent, of rubber products--19.4 percent, of plastics--41.5 percent, of sugar production--11.7 percent, of dairy products--5.7 percent, of synthetic fabrics--about 15 percent, and so forth.

The production enterprises are taking measures for the coming year to improve not only the quality but also the structure of the consumer goods. In the coming year the production and the sales of the textile assortments which are in demand by the consumers, such as ladies' and girls' polyester dresses and skirts, the range of shoes and of sandals for adults and children, all kinds of clothing, especially for children, of bicycles, wood and coal operated kitchen stoves, small articles such as childrens toys, sewing threads, electrotechnical, metallic,procelaine articles, and so forth will be expanded.

Equally great tasks are envisaged in 1980 so for increasing labor productivity, reducing of expenses in production goods turnover, exports and so forth.

The successful fulfillment of these tasks requires a greater and organized mobilization of the creative forces of our workers and of the existing material-technical base, requires the improvement of the work style and method in the management of the enterprises, for the strengthening of control and discipline, for the implementation of the plan tasks by each section, plant and enterprise, on a regular basis, every day, month and quarter.

Along with the struggle to eliminate the shortcomings and weaknesses observed in work during 1979, a main task for 1980 is also the implementation of progressive experience.

The securing, according to the plan and on time, of agricultural and livestock raw materials which are processed by light industry and the food industry, is one of the main areas on which we will concentrate attention in 1980. About 80 percent of the raw materials for light industry and the food industry are provided by agriculture. For this purpose we are faced with the task of further strengthening the ties and co-operation with the agricultural organs, to better coordinate the tasks and to fight for their implementation, so that we can handle the increase in agricultural and dairy production, by fully utilizing the processing capacities.

Putting new capacities into operation by the dead-lines set for the coming year, is another important direction of the tasks for the coming year.

In 1980 the work will continue on the themes set for all nomenclatures for 1978-1980. Attention will be concentrated, especially, on drawing up complete technological designs, for new projects, so as to keep astride the implementation of investments for the seventh five-year plan which will further strengthen light industry and the food industry for the increasingly better satisfaction of the needs of the people and of the economy for new consumer goods.

The implementation of progressive experience in the field of setting work and material norms, in the organization of production and so forth, constitutes one of the very important tasks and one of the principal links for the successful implementation of the tasks of the plan.

We are confident that the workers of light industry and the food industry, like our entire working class and cooperativist agriculture, always united around the party, will fight with all their strength to overcome the difficulties and the obstacles, and will honorably fulfill the tasks of 1980 and of the entire five-year plan.

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DEVELOPMENT OF DOMESTIC TRADE NETWORK PLANNED

Tirana BASHKIMI in Albanian 16 Dec 79 pp 1, 2

[Interview with Viktor Nushi, Minister of Domestic Trade: "We Will Fight With a Higher Awareness, According to the Party's Recommendations, to Serve the People With Dedication"]

[Text] Question. Comrade minister, the trade workers during this year, which is also the glorious jubilee year of the 35th anniversary of the liberation of the country, have had many and important tasks. What has been done to carry them out and what are the results?

Answer: The year 1979, the jubilee year of the 35th anniversary of the liberation of the country has been for all the working masses of the country as well as for the trade workers, a year of comprehensive development of trade and of further achievements in the direction of improving the supplying of the people with consumer goods according to their needs and improving of the level of service.

The trade workers, mobilized to put into practice the tasks of the Seventh Congress and of the recent plenums of the party Central Committee of the current year, further raised the level of mobilization, the level of management and organizational work, by assuring the normal supply of the people with consumer goods in all the zones of the country, and its further improvement.

As a result of the development of all the branches of our socialist economy and of the rise in the material income of the working masses, the turnover of goods during 1979 has increased by about 3.3 percent over the preceding year.

The increase in the production of consumer goods and the expansion of the range of their assortment, along with the improvement of the quality, have directly influenced the ever more regular and complete supplying and, in particular, in terms of structure, of the population. This has been felt particularly during this jubilee year when the population has

been better supplied with all the articles of consumer goods. Concretely, the sales during 1979 have increased over 1978: sugar about 4.5 percent, fats about 12 percent, macaroni about 6.6 percent, rice about 5.5 percent, as well as other articles such as meat, milk, vegetables, also potatoes, melons and so forth. A noticeable improvement has also been registered in the supplying of the market with industrial articles, with clothing articles, with home-appliance, electric, cultural, school and sports articles, with small articles and so forth.

In accordance with the party guidelines for narrowing the essential differences between the village and the city, priority has been given to supplying the village with the necessary consumer goods. As in the past, this year, too, our market has been stabilized as a whole and in all the districts and zones of the country. The supply of the working masses of the city and of the village, with the entire range of food and industrial articles and at stable prices, has once more proven the correct Marxist-Leninist line of our party, its economic policy, the undisputed superiority of our economic-social system.

The opposite occurs in the capitalist-revisionist countries where, as a result of the economic and financial crises which have gripped these countries, the prices of consumer goods are constantly rising, thereby constantly affecting the cost of living of the broad masses of people.

Our socialist trade, as an important economic-social branch, has marched forward in all directions, and as the party recommends, has been as close as possible to the people, and not only with the supply of the necessary goods, but also through a higher level of service quality. A better organizational work has been carried out during the current year for the further strengthening of the socialist awareness of the trade workers, for their ideological education, to perfect their moral figure and to raise their professional level. The trade workers carry out an important task in satisfying the material needs of the people and in raising their standards of living. Therefore they have fought and are fighting to raise their professional skills and their level of awareness in order to fulfill in the best possible manner their very honored task as servants of the people. The principal aim in this direction is to assure a normal supply and quick service for the broad working masses. For this purpose a series of forms have been used, from the ministry and down to the grassroots level, such as the organization of various seminars, of consultations, of discussions with production organs and state organs, with mass organizations and especially with the buyers. Giving account to the masses has now taken an organized form, which is done on the basis of a detailed plan and according to fixed deadline, and so forth. All the forms used have served to improve the work of the apparatuses and of all the trade workers so as to ever better relate and listen to the voice of the masses and to put into practice their comments, suggestions and their recommendations.

A very important task has been and remains the better organization of the work of our trade units in the village, for them to better play the role of trade selling units and, also, of buying units. By understanding this task as a great issue which is closely related to the development of agricultural production, as well as to the strengthening of socialist relations in the village, the main objective of the trade organs has been for each village unit to also assume the function of collecting all surplus agricultural and dairy products of the agricultural units. In order to carry out this task in the best possible manner, special seminars have been organized this year with the workers of trade enterprises concerned with this problem, and with the sellers-collectors of the village. At the same time, work has been done to publicize and to spread the progressive experience of vanguard sellers-collectors who by now are to be found in abundance. The seminars organized for this purpose in Elbasan and in Fier have been fruitful in increasing the quantity of collections as well as in expanding the types of agricultural and dairy products which are collected.

A better job has been done in strengthening economic-financial discipline, in protecting socialist property, its proper administration, in carrying out better qualitative controls, in reducing waste, damages, surpluses, deficits and so forth.

The general economic development has also been reflected in our socialist trade which during this jubilee year has marked successes in all its activities. Thus, our trade under the constant care of the party, has played, better and better, its role of serving the people. But the workers of trade by viewing their work with a critical eye, by carefully following the suggestions and the thoughts of the buyers, can still observe shortcomings and weaknesses in their work which result from the continued low ideological-professional level which is not in accordance with their assigned tasks, as well as the work method of our apparatuses at the center and at the grassroots, which must be further revolutionized so as to be properly accountable for the tasks charged to them.

Question: The coming year is also the last year of the sixth five-year plan. Where will the main attention be concentrated so that the domestic trade, too, will successfully complete this plan?

Answer: I will first stress that for the trade workers, this jubilee year which is ending has been a great test of mobilization and untiring work to fulfill, in the best possible manner, the needs of the people for consumer goods. The trade workers are putting all their strength in turning the remaining days up to the new year into days of assault, to execute the tasks in the best possible manner. All workers collectives in the trade sector are organizing the work in a manner as to properly supply themarket on the eve of the traditional New Year's holiday, with the best and quickest service to the people. This can be noted everywhere in trade enterprises which, along with the daily attention to the plan, special care is also being shown for the organization of service to the people for the New Year.

The year 1980 presents the trade workers with great tasks in the area of further improving the supplying and service to the people.

Our Party, by resolutely implementing Marxism-Leninism in the entire economic, political and social development of the country, has always aimed at satisfying the every increasing material needs of the working masses. In the 1980 draft plan this care of the party to assure the further improvement of the material wellbeing of the working masses in the field of supply is evident. Thus, for 1980, the funds for food supplies will increase in accordance with the natural growth of the population, and their wellbeing, too. In the same manner there will be a considerable increase in all industrial and clothing articles, household appliances, electric, cultural, school and sports articles, as well as other small and very small articles.

But in order to put this party objective into practice without wavering the trade organs have an important role, the raising of the level of the directing and organizing work of the trade enterprises, the organization of the studied distribution of the supplies of goods in the various districts and zones of the country, in accordance with the demands, the buying power, the requirements of the various districts and zones of the country, not only in quantity but also according to structure, assortment and quality.

The Seventh Party Congress charges the organs directing production and distribution with complete and complex studies so as to better coordinate production with consumption and to clarify the problems arising from population growth, the increase of demands and its buying power and the distribution of the production funds. In order to put into practice this party directive, work has been done, but this work must aim for further perfection and analysis, to put the study of the demands of the buyers on ever more scientific bases and on this healthy basis the trade organs must play a more active role toward the production organs for the production of goods in quantity, structure and quality according to the needs of the market. We have taken a series of measures and the work forms, methods and targets have been set to raise the level of study and planning work, especially in regard to the supplies of goods for the current and future period in accordance with the needs of the population.

The combining of production with consumption on the basis of the real knowledge of the needs of the people for goods in quantity, assortment and structure, which differ for the city and the village, for the plains and the mountains, according to group age, sex, characteristics and so forth, remains one of the most important tasks of the trade organs at the center and at grassroots. In this context, special attention will be given to the strengthening of the discipline of the plan and of contracts, as well as to increasing cooperation between the production and trade organs.

In addition to providing goods, in the activity of satisfying the needs of the people and in improving distribution, an important role is played by the level of organization and the level of service in trade. During 1980, the entire objective of work of trade workers under the party leadership, will be the further increase in the level of service on the basis of the improvement of technical-professional abilities and of the level of their awareness.

The entire organization of educational work to mold the awareness of the trade workers, as well as to continually raise the professional level, so that the trade worker will be a servant of the people with a broad horizon and a deep understanding of their duties, during the coming year will be the principal aspect in providing further impulse to the fulfillment of the tasks set by the Seventh Party Congress to fundamentally improve the level of serving the people. During the current year we have done a better organized work as far as control is concerned, which has given its result. During the coming year we will fight to raise the level of topical controls by groups but we will pay special attention to the strengthening of internal control, to raise its quality, and so forth.

In the trade system today, the control groups of the trade service exercise the function of control. This is a correct and effective measure which is yielding good results. During this year, which was also the first year of operation for these groups, shortcomings and weaknesses were noticed by them as regards financial discipline, the implementation of contracts, the quality of products, assortments and so forth, and measures have been taken to eliminate them. Surely, this work is only the beginning for the carrying out of the important tasks of these control groups. During 1980, special attention will be given to the more complete and broader activization of the participants of these groups, and, in particular, in the direction of control issues in the production enterprises and in the trade enterprises regarding the problems of serving the people, of protecting property, for distribution, the selling of goods and so forth. Along with the entire work of the trade organs to establish a more revolutionary method and style, to do away with passive and wait and see attitudes, in the direction of the activization and perfectioning of effective control work, so the problems will be solved, so as to overcome the difficulties and anomalies which can arise during work, we will invest all our strength in raising to a higher level control work in all its links and forms. Therefore, we will not stand still, but will move ahead on time, in the first place, by exercising control at the proper time, not when production is ready at the producer's, but right at the beginning, when the first processes start in the field, in the factory, or in the production enterprise. Here we will fight so that trade activity will present when the soil is being ploughed for the planting of spinach, onions and tomatoes, when the raw material is delivered to the enterprise, and so that our hand and eye will be present wherever production for trade takes place.

The work in trade includes also a series of problems, from the ministry and down to the grassroots, and all taken together they constitute a sole system of interchanges which activate this important branch of our economy. The organization of work and the most effective activization of the apparatuses of the enterprises of our system is a fundamental duty to successfully accomplish all the tasks. But as during this year, during 1980 also, we will devote ourselves in a thorough manner to the perfecting of the work of the trade sections of the executive committees of the district people's councils. Each section is an important link for the organization of work, to secure the best possible supply and service for the population of the districts.

The effective improvement of the work of these sections also as organs of authority which are directly related to the ministry, will play a very important role in executing the great tasks which the party has assigned to trade. Therefore, during the coming year we will, better and more broadly, combine relations with these sections and will further extend the work for the continuous increase of the ideological-professional level of the workers of these sections, we will try to strengthen their management and coordination work in the district for the entire trade system to successfully fulfill the great tasks of the last year of the sixth five-year plan.

In particular, we will carry out a more organized work for the supply and the improvement of service in the village, starting from a more organized and fruitful organization of educational work with the trade workers, the pursuit of the problems of supply and the improvement of the structure of goods, and so on, for all the issues which have to do with the normal supplying of the population in every district and zone of our country, no matter how distant it may be. We will follow, step by step, the problems of the surplus collections from the cooperativists by including all the agricultural and dairy products, regardless of their quantity and their type, as tasks of great economic and, also, ideological importance.

We are closing this glorious jubilee year of the 35th anniversary of the liberation of the country. We will fight to expand the experience which we have gained especially during this year, to carry it out and extend it furtherin the coming year. Under the leadership of the party with comrade Enver Hoxha at the head, we will turn 1980 into a year of assault, to ever better fulfill all the tasks assigned us by the historic Seventh Party Congress.

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DEVELOPMENTS IN INDUSTRY, MINING SECTORS DISCUSSED BY MINISTER

Tirana BASHKIMI in Albanian 30 Dec 79 pp 1, 2

[Interview with Minister of Industry and Mines Xhafer Spahiu by an editor of BASHKIMI: "The Workers of the Industry and Mining Sectors Will Devote All Their Forces to Successfully Fulfill the Pressing Tasks Entrusted to Them By the 1980 Plan"]

[Text] [Question] Comrade Minister, could you tell us what are the results with which the workers of the industry and mining sectors ended the fourth year of the Sixth Five-Year Plan, the jubilee year of the 35th anniversary of the liberation of the fatherland? What difficulties and obstacles were overcome by the workers of your sector during this year?

[Answer] The workers of the industry and mining sectors, mobilized in honor of the 35th anniversary of the fatherland's liberation and the victory of the people's revolution, as well as in honor of the 100th anniversary of the birth of J.V. Stalin, are ending 1979 with new achievements in the sectors of production and of basic investments and in the fulfillment of the main technical, economic and financial indices.

Mobilized for fulfilling the magnificent program of the party for developing and invigorating our socialist economy, giving priority to the development of heavy industry, the workers, technicians, specialists and all the working people of the industry and mining sectors, under the leadership of the basic party organizations, in continuous struggle and efforts and overcoming difficulties and obstacles, in 1979, exceeded production in the extraction industries of petroleum, gas and solid minerals and in the metallurgy industry, the chemical industry, the electric industry, the machine industry, the timber and paper industries and so forth; they put into operation, with their own forces, a number of industrial projects quite important for the economy, further expanded the technical and scientific revolution, improved their economic indicators and so forth.

Compared to 1978, the overall industrial production is anticipated to increase more than 14 percent; while in some main items production is anticipated to increase above this average, for example, gas production is expected to be doubled, electric power is expected to increase more than 36 percent and sheet iron, about 19 percent and so on, for a number of products of the mineral, chemical, machine, timber and other industries.

During this year, our talented geologists have done a good work; implementing the teachings of the party and of Comrade Enver, they worked with determination for prospecting and discovering new reserves of petroleum, gas, chrome, coal, copper, ferronickel and other minerals.

On the basis of the results achieved so far, we can say that the tasks stipulated for the discovery of new reserves of the main ores in 1979 will be fulfilled.

Many working collectives are not only fulfilling the tasks of their annual plan as a whole, but also are distinguishing themselves by fulfilling their monthly plan in a regular manner. We can cite, as vanguard collectives, the collective of the petroleum extraction enterprise in Marinez, the collective of the chrome enterprise at Bater and Kam in Tropoje District and those of the superphosphate plant in Lac, the geological enterprises in Rubik and Korce, and "Misto Mame" timber combine in Tirana and so forth.

The workers of the machine industry are also closing their plan for this year with better results; by further expanding the technical and scientific revolution, they achieved important results in the production of a number of machines and pieces of equipment needed for agriculture, defense, industry, communications and so forth. It is worth mentioning the good work done by the Enver Hoxha auto-tractor plant for the production of the first series of tractors of the Albanian manufacture and for the construction of the important line for precision castings; the work carried out by the machine plant in Stalin City which, in cooperation with other machine enterprises, is completing the first probe for very deep petroleum drillings; the work of the geological plant that produced the first hydraulic probe for geological drillings up to 1,500 meters deep and the production of complete projects with our own forces, such as the new sugar plant in Maliq, the plant for the enrichment of minerals and so forth, where the working collectives of the "Dinamo" plant, of the machine plant of the "Steel of the Party" metallurgical combine, of the workshop of the "Gogo Nushi" plant in Fier, as well as many other working collectives, distinguished themselves and whose workers, technicians and engineers, tempered with the teachings of the party and of Comrade Enver, are further expanding technical and scientific thought, thus, implementing, every day, more and more the party directives on the building of socialism, fully relying on our own forces.

During 1979, a number of important projects for our economy were completed and put into operation, such as the ferrochromium plant in Burrel, the copper pyrometallurgy plant in Lac, the first line for the production of iron concentrate at the "Steel of the Party" metallurgical combine, and the third turbine at the "Light of the Party" hydroelectric power station and so forth. In order to complete and put into operation the projects which the Chinese revisionists had left half finished, our workers and specialists had to design and produce, on the spot and with their own forces, a number of pieces of machinery and equipment and, in many cases, they had to improve technology or to replace many pieces of equipment and pipes which the Chinese revisionists had sabotaged by using materials of very poor quality.

During 1979, a number of other important projects were also put into operation, such as the Fierze-Burrel-Elbasan 220 kilowatt line (first circuit), the plant for the enrichment of chrome in Kalimash, the expansion of the nail-bolt plant in Kavajo and a number of other lines and sections which were designed, produced and put into operation by our workers and specialists. The new power system will soon be put into operation in Fier. The construction of these projects, lines and sections, completely built with our own forces, as well as the production of hundreds of pieces of machinery and equipment necessary for our economy, is quite an important step and a reliable base for designing and producing other, greater and more important projects in the future, with our own forces.

During 1979, good results were also achieved in regard to the organization of work and fulfillment of technical, economic and financial indicators. Labor productivity in industrial production is expected to be increased by more than 5.5 percent. Participation in work with norms has been expanded and we have passed to a greater extent, to the technical norming of work. The increase in labor productivity, the further strengthening of the system of savings and the more sparing utilization of main and auxiliary materials, of electric power, of fuel, of combustible materials and so forth, as well as the better utilization of machinery, all made it possible in 1979 to fulfill, according to the plan, the net centralized revenue, as well as the net revenues of enterprises, marking an increase of about 30 percent compared to 1978. The enterprises of the metallurgical industry, of the machine industry and of the electric power industry and so forth are better represented in this direction. We can say that, in general, the financial situation in our enterprises has been improved; this fact is seen in the increase in the effectiveness of circulating means and in the strengthening of their payment capacity.

These good achievements of 1979 are a healthy base for improving work in 1980, especially for averting the shortcomings which have been observed, particularly in some petroleum, coal and chemical industry enterprises which did not completely fulfill the tasks of the production plan or in other enterprises which did not fulfill the stipulated economic and financial indicators.

[Question] What are some of the main tasks entrusted to the workers of your sector for the last year of the Sixth Five-Year Plan?

[Answer] The year 1980, the last year of the Sixth Five-Year Plan, assigns even greater and more compact tasks to the workers of the industry and mining sectors. In 1980, further increases will be recorded, first of all, in energy combustible materials, such as petroleum, gas, coal and electric energy, satisfying better and better the needs of the country, as well as further increasing our export possibilities. The production of chrome ores and of the concentrates of chrome, ferrochrome, ferronickel and copper, and the copper products, as well as a number of other useful minerals, such as phosphorites, quartz, the rax materials for the production of fire-resisting elements and so forth, all will undergo important increases. Based on our resources, the ferrous metallurgy, the non-ferrous metallurgy and the chemical industry will further increase their production.

The machine industry will take on a further new development. Along with the efforts to reach the goal set by the Seventh Party Congress, that is, in 1980 to satisfy through domestic production; 95 percent of our needs for spare parts, through expanded cooperation and specialized production, we will start, in a broader style, the production of machinery and equipment for complete projects or for expansions, as well as for the further improvement of the level of mechanization of the various sectors of the economy. It is enough to say that for the new industrial projects alone the volume of machinery and equipment that will be produced by the system of our ministry, will be increased by about 2 times, compared to that of 1979. We must emphasize the fact that, for the first time in 1980, at the level of the ministry, the volume of production of machinery and of equipment is larger than the volume of production of spare parts, in spite of the increase in the production of the latter. More persistent efforts will be carried out to increase the coefficient for the utilization of metals.

Greater tasks are also assigned to the timber and paper industries in the field of increasing production, increasing the number of assortments and improving quality, in order to better satisfy the needs of the economy and those of the population with consumer goods articles.

Important tasks are set forth in the fields of investments and of basic constructions, such as the constructions at the "Steel of the Party" metallurgical combine for the second blast furnace, the second battery for coke, the refractory brick plant and for other projects, the work on the fourth turbine at the "Light of the Party" hydroelectric power station in Fierze, the high tension lines, the plants for the enrichment of minerals, the new mines, as well as for a number of other important lines and projects which are being built completely with our own forces. An extensive work will also be carried out in the field of a more rational treatment of coal, through the improvement of the systems of utilization, the construction of new workshops for selecting and fractioning, the utilization of enrichment plants with fuller capacity, the reconstruction of boilers and the conversion to the domestic production with polverization devices, and so forth.

Increased and more pressing tasks for 1980 will also be set for the other technical, economic and financial indicators. Thus, for example, it is expected that labor productivity will increase more rapidly than in 1979; production costs will be further decreased; the coefficients of recovery from the metallurgy and enrichment plants will be improved; the drilling per month rate will be increased in the petroleum drilling enterprises and in the geological solid mineral enterprises; and the net centralized revenue and that of the enterprise will be increased and so forth.

The successful fulfillment of these tasks requires the establishment of a stronger system of conservation in the rational utilization of raw, auxiliary and combustible materials, and of electric power, fuel, metals, chemicals, timber and every other material. They require a better and more rational use of manpower, so that the small and large work organizations will find

their best implementation. They demand the rational and very careful utilization of all the machinery that we have and so forth. In all these fields, it is necessary to further expand the technical and scientific revolution and to raise to a higher level and the mobilization, competition and revolutionary enthusiasm of our heroic working class, the technical-engineering personnel and other leadership cadres in industry.

Finally, we are entrusted with important tasks so that, along with the fulfillment of the great tasks for 1980, we might work to prepare ourselves, in the most complete manner, for the even greater tasks that the coming 1981-1985 Five-Year Plan, the plan that fully relies on our own forces, will assign to us.

The industry and mining workers, who have important achievements in the balance sheet of their activities during 1979 and who have everything that is needed for continually marching forward, just as all our people, in their steel-like unity around the party, led by the teachings of the party and of Comrade Enver, and always vigilant in regard to the hostile plans of the imperialists and revisionists of all hues, will successfully fulfill the pressing tasks set by the 1980 plan, for the further strengthening of the economy and of the defense capability of our socialist fatherland.

9150
CSO: 2100

ENERGY MINISTER DWELLS ON FUEL CONSERVATION

Sofia POLITICHESKA AGITATSIYA in Bulgarian No 24, 1979 pp 3-9

[Interview with Minister of Power Supply Nikola Todoriev: "Energy and Fuel Conservation--A Task of Long-Term Significance"]

[Text] The effective and economical utilization of energy and fuels is an exceptionally important problem and a task of long-lasting significance. How are the problems in this very important economic area being resolved? In this connection, a representative of POLITICHESKA AGITATSIYA talked with Minister of Power Supply Nikola Todoriev, who was kind enough to answer the following questions:

Question: Comrade Todoriev, could you be kind enough to describe some global trends related to the use of energy and fuels?

Answer: The shortage of energy resources and the need for their more efficient utilization made it necessary for a number of countries to implement basic measures to save on fuels and energy. According to the United Nations European Economic Commission and the International Energy Agency, today the average coefficient of utilization of primary energy resources (extraction, refining, transportation and utilization) is 15% in the European Economic Community and the United States. As a result of the implementation of national fuel and energy conservation programs, it is expected to reach 20-30% by 1990. Furthermore, the share of petroleum in overall energy consumption will be reduced from 60 to 40% by increasing the share of hard fuels, electric power and energy from non-conventional power sources. Furthermore, the average annual consumption growth of energy will be reduced from 5.0 to 3.0-3.5%, and savings of energy resources totaling 15% of their entire forecast consumption for that year will be achieved at the end of 1985. This reduction and conservation of energy resources is being accomplished essentially by modernizing existing and introducing new technologies aimed at lowering outlays of power resources in the metallurgical, chemical, ceramics, bricks, glassware and other industries, the utilization of waste heat, improvements in the level of efficiency of rail, air and water transportation; lowering the costs of fuel and energy for heating by improving the insulation of buildings and lowering the temperature in heated premises, and others.

In the CEMA-member countries the problems of the effective utilization of fuel and energy are the basic problems of their economic development. In his remarkable speech delivered at the 28 November 1979 CC CPSU Plenum, Comrade L. Brezhnev paid particular attention to the problem of fuels and energy. He emphasized that the Soviet Union has the biggest fuel-energy complex in the world. "However, at whatever pace we may be developing our power industry," he said, "fuel and energy conservation will remain the most important national task." In this connection he emphasized the need for continuing to replace obsolete and excessively power-intensive systems, the acceleration of technical progress and the application of technologies requiring lesser energy expenditures, and increasing the insulation of industrial and residential buildings.

Question: What is being planned in our country in this respect. What experience has been acquired, and what problems remain to be resolved?

Answer: For the period starting with 1970 our overall energy consumption rose by a 1.6 factor; specific energy outlays per capita in our country exceed 4,800 kilograms--being nearly as high as in Austria, Japan, France and Romania, and higher than in Italy, Hungary, Poland, Yugoslavia, Greece, Turkey and others. The development of energy consumption was accompanied by considerable changes in its structure. Above all, the consumption of liquid fuels rose rapidly. At the same time electric power consumption rose considerably as well. As early as 1974 Bulgaria outstripped developed industrial countries such as Hungary, Poland, Italy and others in per capita use of electric power.

The 11th PCP Congress and the National Party Conference indicated that the effective utilization of raw materials, materials, fuels and energy are one of the basic tasks of our economic development. In this case problems related to upgrading effectiveness in the use of fuel-energy resources and the lowering of power-intensiveness in material production play a particularly important role.

Our forecasts call for a lowering of power consumption in our country by 10% in 1980, 13% in 1985 and 18% in 1990, compared with the forecast made 3-4 years ago. This reduction may be achieved only by sharply increasing the effectiveness of the utilization of fuels and energy.

In 1976 a higher level of energy effectiveness was reached on a national scale following the elaboration and adoption by the Council of Ministers of a national program for the effective utilization of material resources in the Seventh Five-Year Plan. Most of this program consists of measures aimed at conserving fuel and energy in industry, transportation, construction and agriculture. As a result of the implementation of this program, by the end of 1978 the national economy had saved about 1.1 billion kilowatt hours of electric power, over 110,000 tons of gasoline, about 220,000 tons of diesel fuel, 900,000 tons of fuel oil and 1.2 million tons of coal. The program is being successfully implemented in 1979 as well. A study of

the implementation of the national program and the experience gained have indicated that the reduction in power consumption already achieved does not exhaust by far all possibilities in this respect. On this basis, bearing in mind the complications which have developed on the international energy market, in a number of legal documents (decrees No 58 of 1978 and No 23 of 1979) the Council of Ministers further regulated the lowering of outlays essentially of liquid fuels and electric power by 5-10% in material production and the communal-consumer sector, indicating the measures needed to achieve such reductions.

The basic problems to be resolved for the further upgrading of the effectiveness of power consumption and lowering the power intensiveness of output are the following:

We shall continue to promote the movement for the conservation of fuels and energy in industry, transportation, construction, agriculture and the communal-consumer sector by improving the organization of labor in power-intensive processes and intensifying accountability and control over the consumption of fuel and energy resources. The introduction of automated systems for controlling technological processes will be an essential aspect in this respect.

A high percentage of energy-transforming and utilizing installations and systems in industry work at a lower coefficient of utilization of power resources as a result of improper operation and maintenance. For example, we have over 3,200 industrial steam boilers in operation whose average annual efficiency is 5-20% below the nominal figure. In our country the effectiveness of utilization of industrial furnaces is equally from 10 to 35% below planned capacity. As a result of the unsatisfactory condition of heat transportation circuits and resources, every year large amounts of condensate are lost, which results in fuel overexpenditures. In the field of industrial and household electric power consumption the situation is quite similar, as a result of which electric power losses exceed admissible levels.

Recycled energy resources are a major reserve for meeting the industrial and residential requirements for low-potency heat (hot water and steam). Preliminary estimates show that the utilization of the energy they contain, on the scale of the entire industry, could meet 4-5% of the needs of industrial enterprises for energy mainly supplied as steam and hot water.

Existing power-utilization technological processes will be improved through the extensive development of scientific research, studies and planning-design work in all economic sectors. This will also insure the modernizing of the respective systems and installations in energy-intensive economic sectors.

Another basic direction is the energy assessment of programs and long-term developments, stipulated in the plans, for the construction of production

capacities in individual sectors. This would insure as early as the stage of preliminary studies the fact that the building of any given production facility will include the type of technology which will insure high energy effectiveness on the scale of the national economy.

Particular attention is being paid, and will continue to be paid, to problems of rationalizing electric power consumption, mainly in terms of equalizing the round-the-clock load of the electric power system. This will insure the better utilization of installed electric power production capacities. For this purpose, decree No 58 of the Council of Ministers calls for introducing a controlled system of electric power consumption in industry during hours of peak load of the electric power system.

Question: What is the role of the Ministry of Power Supply and of the remaining economic departments in the struggle for the economical utilization of energy and fuels?

Answer: A national energy complex was created in 1977, headed by the Ministry of Power Supply, to insure the fast and competent organization and the single management of the problems related to upgrading the energy effectiveness on the scale of the entire national economy. At the same time, the BCP Central Committee and Council of Ministers adopted a program for the development of the national energy complex through 1990. One of the basic tasks of the complex is to insure high effectiveness at all stages of supplying the national economy with energy. Most of the activities related to the supply of energy to the national economy are focused within the system of the Ministry of Power Supply. The remaining activities in this area are managed, on a functional basis, by the ministry through corresponding normative documents and exercise of supradepartmental control over the condition and effectiveness of power consumption. The main organs in charge of functional control are the Interdepartmental Coordination Council for the Effective Utilization of Power Resources and Energy, which provides the main directions for upgrading energy consumption effectiveness, and the state and rayon energy control inspectorates which supervise the technical condition and effectiveness of energy resources in industry, agriculture, transportation and construction.

With a view to restoring and maintaining the nominal power effectiveness of industrial systems and installations, and carrying out expedient reconstructions, modernizations and consolidations of industrial power resources, at the beginning of 1978 the Ministry o Power Supply set up at its economic combines specialized Industrial Power Engineering units. An Industrial Power Engineering Scientific-Production Combine was inaugurated on 1 July 1979. It is engaged in systems organizing, repairs, reconstructions and modernizations, and related scientific and design services, and production of spare parts, elements, assemblies and one-of-a-kind and nonstandard installations in the field of industrial and consumer power industry. To insure the development of the Industrial Power Engineering NPK [Scientific-Production Combine] through 1990, the Ministry of Power Supply

developed and adopted a program according to which as a result of the activities of the combine the use of fuel and energy resources will be reduced by about 290,000 tons of conventional fuel in 1980, 1.2 million tons in 1985 and 3 million tons in 1990.

Furthermore, the Ministry of Power Supply elaborated and approved coordination programs controlling the designing, building and installation of systems for the utilization of solar and geothermal energy and heat byproducts. Organizationally, such activities will headed by the New Power Sources Scientific-Production Economic Combine set up under the Ministry of Power Supply.

In the struggle for the economical utilization of energy and fuels the economic ministries and departments will be faced with a number of responsible tasks. The more important among them will be, essentially, the following:

The need for a profound scientific study and technical-economic research related to all energy-technological processes, beginning with those with the highest power intensiveness. The purpose is to improve the existing energy using technological processes and to modernize the corresponding installations and systems.

The creation and application of scientifically substantiated norms for the outlay of power resources per unit of output is of particular importance in upgrading the power effectiveness of the national economy. Obviously, scientific-application, study and planning-design work will have to be developed more extensively in all national economic sectors. In this case the sectorial scientific research and design organizations which have at their disposal specialists in the corresponding technological fields, will play the main role.

In the field of electric power consumption rationalization strict control must be maintained on observing the stipulated limits of consumption of electric power during periods of peak loads of the electric power system.

Question: In connection with this national task, what tasks face all working people in our country?

Answer: The implementation of such basic stipulations for upgrading the effectiveness of power consumption is vitally necessary for supplying with energy the building of a developed socialist society in our country and must become a nationwide project. Along with the tasks formulated in decree No 23 of the Council of Ministers of 1979, efforts must be focused on establishing all possible sources for the conservation of fuel and energy resources in industry, transportation, agriculture, construction, domestic use, trade services and communal services. In this connection the national competition for the conservation of fuel and energy sponsored every year by the Ministry of Power Supply, Ministry of Supply and State

Reserves, Ministry of Chemical Industry, Bulgarian Trade Unions Central Council, Komsomol Central Committee and Central Council of the Scientific and Technical Union, on the initiative of IKONOMICHESKI ZHIVOT, will play a major role. Furthermore, together with the National Council of the Fatherland Front, the Bulgarian Trade Unions Central Council, and the Komsomol Central Committee, the Ministry of Power Supply elaborated measures and a system for the organization of a nationwide movement under the following slogan: "The Thrifty and Effective Utilization of Energy and Fuels Is the Duty of Every Citizen."

Question: What is the significance of the economic utilization of energy resources under the conditions of the new approach and the new economic mechanism, and of decree No 50 of the BCP Central Committee and Council of Ministers.

Answer: With decree No 50 of 1979 the BCP Central Committee and the Council of Ministers of the Bulgarian People's Republic called for the systematic application of an economic approach and for the even faster growth of economic effectiveness.

The workers and specialists within the National Energy Complex, as well as the working people throughout the country, face even more strictly the problem of the effective utilization of this national possession--energy resources and energy. In answer to this, it is the patriotic duty of every citizen now to insure the thrifty and effective utilization of fuels and energy, making this a style and method of work and behavior at each work place, and part of the educational work among the growing generation, as well as our daily concern.

5003
CSO: 2200

FOREIGN TRADE PROGRESS IN 1979 REVIEWED

Prague HOSPODARSKE NOVINY in Czech 8 Feb 80 p 2

[Commentary by Miroslav Mikes, worker at the CPCZ Central Committee: "Foreign Trade"]

[Text] The economic situation in the world developed very unevenly last year. Although the development in the countries of the socialist community varied according to their relative dependence on foreign trade with the capitalist states, it was generally even and registered a further increase in relation to all principal indicators. In the capitalist countries on the other hand, there was another wave of inflation and their economic growth has slowed down. OPEC substantially increased the price of crude oil which is the basic raw material for power generation and chemical industry, and there was another increase in the prices of other raw materials and intermediate products particularly of mineral origin. The "gold rush" further surged because the financial and entrepreneur circles lost faith in the possibility of continuing growth of capitalist economies and in the stability of their currencies, and started therefore to convert their profits and savings into gold. The economic stability was jeopardized also by the political development in a number of countries, particularly in the Near, Middle and Far East, Africa and South and Central America.

The results achieved by our foreign trade in the fulfillment of the 1979 plan must be judged in all these contexts.

The export tasks were met 102.7 percent and, in comparison with 1978, our exports increased by 15.9 percent. The targets were met in relation to both territorial areas: 103.8 percent to the socialist countries (a 15 percent increase over the 1978 level) and 101 percent to the nonsocialist countries (a 15.7 percent increase).

Likewise, the import plan targets were met 101.2 percent with the total increase amounting to 12.1 percent. In comparison with 1978, imports from the socialist countries increased by 9 percent and those from the nonsocialist countries by 17.8 percent.

This generally favorable fulfillment of the foreign trade plan, however, was accompanied by a number of deviations in the structure and material content of export tasks as well as in the price area.

Two thirds of our foreign trade is carried out with the Soviet Union and other countries of the socialist community. The stability and further dynamic development of our economy has been insured only by this cooperation. In cooperation with the Soviet Union, we have developed a number of technologically very demanding sectors. The Soviet Union continuously supplies us with the key raw materials at the prices substantially more advantageous than those prevailing on the world markets and offers us long-term assurance for the sale of our industrial products.

All these facts must be realized by the workers in the production and foreign trade sectors, when they deal with our shipments to the Soviet Union and other socialist countries. Although the engineering and non-engineering organizations and enterprises generally met and surpassed the plan targets set for export to the socialist countries, there were delays in regard to specific items which our partners had included in their plans. As a result, some of their production capacities could not be put into operation on schedule and continuous manufacture of certain products was thus interrupted. In exports to the Soviet Union alone, the value of shipments primarily of engineering products and capital goods which were not realized or carried out later than the mutually agreed upon contracts called for, exceeded Kcs one billion.

There were two basic deviations in the fulfillment of the plan of exports to the nonsocialist countries:

-- due to the more rapid increase in foreign prices than originally anticipated, the export plan was fulfilled, but was not completely fulfilled in terms of wholesale prices;

-- positive results in the fulfillment of the plan of exports to the non-socialist countries were achieved by the increased value of exports of non-engineering goods, while the plan of machinery and equipment exports fell short of the target by Kcs 1.2 billion at foreign prices.

Apart from the export of engineering products and equipment, we generally succeeded in checking on time another round of price increases last year. For example: while the prices of selected imported raw materials, basic materials and agricultural products increased by more than 21 percent in 1979, the prices of the same group of products exported by us increased by almost 24 percent during the same period. Likewise, the prices of consumer goods increased more rapidly in our exports than in our imports. Only the export prices of machinery and equipment increased by 2 points less than the import prices last year.

The value of export shipments at wholesale prices was lower than the state plan had called for. The planned increase was to be 7.4 percent, but the achieved reality was only 3.9 percent. For the nonfulfillment of the plan were primarily responsible the enterprises of both ministries of engineering and our pharmaceutical and glass industries which were not able to make up for the production loss at the beginning of the year.

In comparison with 1978, the export of engineering products and equipment increased by 1.9 percent. If we take into consideration a somewhat more rapid increase in foreign prices, then the shipments for export by the enterprises supplying machinery and equipment were, at wholesale prices, by one percent smaller than in 1978. The 14th plenary session of the CPCZ Central Committee examined this problem in detail on the basis of the report from the Presidium of the CPCZ Central Committee which stated: "We must be profoundly disturbed by some phenomena which could be observed in the development of engineering industry. We have a large number of products which attain or come close to the world standard. But we have also quite a few sectors whose production obviously lags behind the world parameters. We have not succeeded in concentrating forces and funds on really profitable sectors capable of a long-term development, although this is one of the key conditions of the rapid increase in the technical and economic standards of engineering production."

Our engineering export was not able to keep pace with the dynamic development of world trade in engineering products and equipment, and is therefore not able to accomplish one of its basic tasks -- to provide a substantial part of foreign exchange necessary for financing the needs of our national economy.

The export of complete industrial plants registered a generally positive trend during the 1976-1978 period. This development, however, did not continue in 1979 and the prospects for its improvement in 1980 are not very good. The main cause of this situation is this: neither our design and production organizations nor foreign trade organizations exporting complete industrial plants practically applied the latest scientific and technological achievements, and competitiveness of our products on the foreign markets was thus jeopardized. Moreover, the possibilities of our cooperation in this area with the partners in other socialist countries and production cooperation or the purchase of licenses in the capitalist states have not been thoroughly and systematically explored.

The products delivered for export by the enterprises of general engineering are not -- except for some exceptional instances -- very competitive. The 14th plenary session of the CPCZ Central Committee referred in this context to some specific instances and considerable shortcomings particularly in the quality of products and spare parts supply for example by Czechoslovak Automobile Plants, Zetor Brno, Tesla Prague, Strojsmalt Bratislava and others.

The main cause for fulfillment of the plan targets set for export of machinery and equipment is the time lag in the orientation of the production potential to the products of high world standard and quality manufactured at the minimum material costs. This situation has been partly brought about also by the appropriate foreign trade organizations which do not always act as an incentive and demanding customer.

10501
CSO: 2400

CSR PLAN FULFILLMENT IN 1979 ANNOUNCED

Prague SVET HOSPODARSTVI in Czech 29 Jan 80 p 2

[Text] In 1979, the CSR [Czech Socialist Republic] economy was developing essentially according to the fundamental intentions formulated in the Directive of the 15th Party Congress. In spite of the intensification of external economic relations and certain internal problems, the volume of social production and the economic potential increased. In the beginning of the year, the attainment of planned tasks was adversely affected by unusual weather conditions and difficulties with the fuel and energy supplies. Regulation of fuel and energy consumption led to reduced operations in a number of enterprises and was reflected in the level of plan fulfillment.

Due to the measures adopted by the Party Presidium and the CSSR Government--and especially due to increased efforts by the workers during the remainder of the year--overall volume of the planned tasks in industrial production in the CSR was achieved. Also, in accordance with planned intentions, effective structural improvements in the industry continued, especially the intensive development of the domestic fuels and energy base, priority development of engineering production, selected developmental programs, and certain [industrial] branches based on domestic raw materials. Considerable investment capital was devoted to ensuring future development in the productive and non-productive spheres, and a number of important [production] assets became operational. Furthermore, personal incomes and the state allotments for social needs, especially in education, health care, and social security were increased. Aside from these favorable results and trends, economic development was accompanied by certain problems and shortcomings. Planned tasks in the construction industry and agriculture were not quite fulfilled. Higher efficiency in the national economy is still insufficiently emphasized and, despite some fragmentary positive results, industrial and agricultural production remains excessively energy-, material-, and import-intensive and underutilization of our fixed assets, and slow introduction of scientific and technological discoveries into actual production still persist. In capital investment, a decisive turn-around has not been achieved in completing construction projects, shortening construction deadlines, and in starting up trouble free plant operations within the prescribed time. Some deviations in the planned work force allocations persist and are particularly unfavorable in the consumer goods industry and in construction.

Development of Social Production

Compared with 1978, the volume of production in the CSR increased by 3.4 percent, and the state plan was fulfilled 100.1 percent. In conformance with the thrust of the Sixth Five-Year Plan, the engineering industry received priority consideration in development, but in the chemical industry the production growth slowed down. In the consumer industry, emphasis continued to be placed on the development of areas based on domestic raw materials.

Accompanying the production growth was an increase in sales in individual sectors. Deliveries for the domestic market by enterprises managed by the CSR government, increased over 1978 (measured in MC [expansion unknown] by 1.5 percent. Export to the socialist countries (in prices f.o.b. border) rose by 6.4 percent and export to non-socialist countries by 22.6 percent. Material inputs to the indivudual production sectors rose by 2.7 percent.

The growth of production in CSR industry was accomplished with only a slightly higher number of workers. In comparison with 1978, the number of workers in centrally managed industries in the CSR, rose by 0.4 percent, while changes in the sector organization continued.

The addition to CSR industrial production of 88.2 percent was achieved through higher labor productivity which improved by 3.0 percent over 1978. The most significant growth in labor productivity occurred in the gas and bituminous industry (19.4 percent), in heavy engineering (4.8 percent), in general engineering (6.4 percent), in the wood-processing industry (5.0 percent), the clothing industry (6.0 percent), and the rubber and asbestos industry (5.0 percent).

Ensuring sufficient amounts of fuels and energy continued to be one of the vital tasks of CSR industry. Despite considerable difficulties at the beginning of the year, coal extraction and processing increased over 1978 by 1.4 percent, and the state plan was fulfilled 102.4 percent. Some 118.7 million tons of coal and lignite were extracted, i.e., 965 thousand tons more than planned. Mining of hard coal increased by 0.6 percent and the plan was fulfilled by 101.1 percent. The mining of brown coal and lignite increased by 1.6 percent, the plan was fulfilled 100.7 percent. The planned removal of overburden at the surface mines of the North Bohemian Brown-Coal District, however, was not fulfilled, due to certain unresolved problems in the delivery of machinery and equipment for these operations.

In the gas and bituminous industry, production increased by 23.4 percent over 1978 and the state plan was fulfilled 129.7 percent. In heat and electricity, however, production fell 3.3 percent below 1978, and planned fulfillment was short by 3.1 percent. This was due to lower energy purchases for the needs of socialist organizations. In heavy engineering, production increased by 5.6 percent, and the state plan was fulfilled by 100.5 percent. Production in general engineering grew by 6.9 percent, fulfilling the plan by 100.5 percent. Engineering production exceeded the plan, despite certain

problems in material deliveries and in introduction of new production processes. Planned deliveries of metallurgy and heavy engineering for export, the domestic market, and in capital construction were exceeded. Planned deliveries from general engineering, however, were not quite fulfilled. Production included in development programs proceeded on a priority basis Of the important products, production of cars and delivery vans, for example, increased by 3.0 percent, trucks by 5.6 percent, automated instruments and equipment by 9.6 percent, and wheel and caterpillar tractors by 3.3 percent. Even with the overall increase in volume, however, needed growth was not achieved in engineering production export capability, nor in satisfying the needs of the domestic market. This is largely due to a slow growth in the levels of technology and quality of engineering products accompanied by slow reactions in satisfying the growing demands of the world market.

Production in the chemical industry increased over 1978 by 2.4 percent, of this chemistry and oil refining by 1.7 percent, the rubber, asbestos and plastics industry by 5.0 percent, and the cellulose and paper industry by 2.5 percent. The slowing of growth in the chemical industry is connected with difficulties in supplying imported raw materials, and start-up problems in new production facilities. While the chemical industry exceeded planned deliveries for export, it has not reached the planned delivery levels for the domestic market.

In construction materials industry, production rose by 2.5 percent over 1978. State production plan fell 1.5 percent short and domestic deliveries by 0.3 percent.

In the consumer industry, production increased by 3.7 percent over 1978 of which the wood processing industry rose by 4.8 percent, glass, porcelain and ceramics by 3.9 percent, clothing by 4.1 percent, and leather, footwear and fur industries by 2.3 percent. Planned consumer industry production was fulfilled 100.3 percent. Of individual products, there was an increase, for example, in the production of hard wood fiber, wood chip and chip boards by 3.6 percent, wood furniture 5.8 percent, glass fibers and yarns 1.4 percent, knit clothing by 3.3 percent and knit underwear by 1.1 percent.

Production in the food industry of the MZVZ [Ministry of Food and Agriculture] increased over 1978 by 1.6 percent. Fulfillment of the state plan, however, fell short by 0.8 percent, and the plan for domestic market deliveries by 1.7 percent. The plan for export deliveries was exceeded. Reconstruction and modernization of production enterprises in the food industry continued according to the program of the Sixth Five-Year Plan. The problems in the supply of agricultural raw materials caused smaller harvest of certain types of fruit and vegetables and the non-fulfillment of the milk purchases plan. There were also difficulties in securing imports of certain raw materials.

Construction enterprises situated in the CSR carried out, with their own labor, 2.4 percent more construction work than in 1978. The state plan, however, fell 2.3 percent short of fulfillment. The volume of construction under supplier contracts increased by 1.8 percent, capital investment by 1.2 percent. The reasons for the plan shortfall include shortcomings in supply of construction materials, shortages in the planned size of the labor force, as well as certain defects in the design and site preparation of construction projects.

The anticipated volume of agricultural production was not achieved, due to adverse weather conditions. The planned volume of gross agricultural production fell short by 6.0 percent, of which plant production by 11.5 percent, and animal production by 1.6 percent. In comparison with 1978, gross plant production was lower by 4.7 percent, of which plant by 10.3 percent and animal by 0.1 percent. More favorable plan fulfillment occurred in market agricultural production for state reserves. The overall planned volume was met by 99.5 percent, of which plant production by 102.0 percent, and animal production by 98.4 percent.

The total harvest of grains was 6,025,000 tons, i.e., 17.4 percent less than in 1978. Also lower was the oil plant production by 38.0 percent, potatoes by 12.6 percent, vegetables by 3.0 percent, fruit by 21.3 percent, and flax by 30.9 percent. A total of 5,812,000 tons of sugar-beets were harvested, i.e., 5.4 percent more than in 1978. The fodder harvest in hay equivalent, was 3.6 percent higher. The average hectare yield of grain was 3.38 tons, i.e., 17.6 percent less than in 1978, sugar-beet 36.64 tons (4.9 percent more), potatoes 18.65 tons (9.9 percent less), green corn and silage 38.21 tons (36.2 percent more), and perennial fodder on arable land 6.57 tons (10.1 percent less). The state plan for grain procurement was fulfilled 100.1 percent, while it fell short in sugar-beets (91.3 percent), potatoes (92.5 percent), rape (52.2 percent), leguminous plants (32.6 percent), and hops (91.9 percent).

Reduced resources and lower quality fodder from the previous year, caused considerable difficulties in meeting the plan of animal production. Compared with late 1978, by late December 1979 the situation in sow and fowl production improved, while the number of cattle decreased by 0.2 percent, of this the cows by 0.6 percent, and hogs by 1.3 percent. Average utility was somewhat lower than in 1978, e.g., average milk yield was 0.3 percent lower, and the average cattle expansion was 2.8 percent lower. Under these circumstances, the state plan goal in procurement of animal products, could not be met. Procurement of poultry was exceeded by 4.5 percent, while the planned procurement of eggs fell 0.3 percent short, slaughter animals by 1.7 percent, and milk by 3.4 percent short.

Timber yield in the CSR reached 12.85 million cubic meters, i.e., 2.3 percent more than in 1978. 5.7 million cubic meters of salvage timber was processed, i.e., 56.7 percent of natural disaster areas. Reforestation corresponds basically to losses in forested areas caused by timber production and natural

disasters. 24,400 hectares of forest lands and 1200 hectares of other areas underwent reforestation. The planned production of the State Forests Enterprise was fulfilled by 100.2 percent and the plan for delivery of commercial lumber by 100.0 percent.

Volume performance in the centrally-controlled enterprises of water management increased over 1978 by 1.7 percent and the plan was fulfilled by 101.1 percent. Consumption of replaceable surface water decreased by 3.0 percent, for industry by 4.9 percent; use for drinking water processing grew by 4.2 percent. Volume performance in enterprises controlled by the national committees was 4.1 percent higher than in 1978, while the plan was met 101.9 percent. Processing for drinking water rose by 4.3 percent and the quantity of filtered waste water by 3.7 percent. 386 million cubic meters of water, i.e., 2.9 percent more than in 1978, were delivered for home use.

CSR railway freight was up by 2.6 million tons of goods, i.e., 1.6 percent, over 1978 but the state plan fell short by 0.4 percent.

In road freight, the CSAD [Czechoslovak Road Vehicle Transport] moved 4.4 million tons, i.e., 2.1 percent less goods than in 1978. The state plan fell short by 5.7 percent in ton/kilometer performance, while the transport distances increased by 0.3 percent. Transport of solid fuels was accomplished on a priority basis.

In passengers, the CSAD fell short in planned public transportation by 2.0 percent, planned norms in person/kilometer performance were short by 1.2 percent. Compared with 1978, unscheduled transport and transport under special worker and public fares has increased.

In urban mass transit, 2.18 billion passengers were moved, i.e., 3.4 percent more than in 1978; planned tasks were fulfilled by 101.4 percent. In the development of urban mass transit, the largest contribution was made by bus transportation and the Prague subway whose services were used by 207 million passengers, i.e., 43.6 percent more than in 1978.

CSPLO [Czechoslovak Elbe-Oder Shipping] moved 0.8 million tons, i.e., 15.4 percent more cargo than in 1978. In international river transport, planned goals in tons were met by 101.3 percent, while domestic river transport fell short by 8.7 percent. There was considerable increase in transport of fuel coal along the Elbe route to the Chvaletice Electric Power Station. The volume of this transport was 58 percent higher than in 1978.

Capital Investment, Long Term Assets, and Technological Developments

Investment projects and deliveries in the CSR national economy reached 88.2 billion korunas, i.e., 0.3 percent less than in 1978 (less Action Z, and self-help construction, URD [Central Council of Cooperatives], CSBD [expansion unknown], and unplanned social organization). Of the total volume, construction projects represented 48.0 billion korunas, i.e., 0.4 more than in 1978 and deliveries of machinery and equipment 40.1 billion korunas, i.e.,

1.1 percent less than in 1978. Planned volume fell short by 2.6 percent, construction projects by 5.4 percent; on the other hand, planned deliveries of machinery and equipment were exceeded by 1.1 percent.

Long term assets on CSR territory reached by the end of 1979 the value of 1706 billion korunas, 5.4 percent higher than a year ago. Long term production assets were 6.1 percent higher and non-production assets by 4.7 percent. With higher fulfillment of deliveries, the share of machinery and equipment in long term assets increased in production areas by 0.4 points and reached 40.1 percent, 44.4 percent of which was in industry.

By the end of 1979, 130 thousand workers were engaged in research and development in the CSR, 29 percent of which were experts with university education. Non-investment outlays for the solution of research and development tasks reached, according to preliminary figures, roughly 13 billion korunas.

In organizations on CSR territory, 331 research and development projects of the state plan for technological progress were completed, 84.0 percent of which were done within the planned time frame and quality requirements. Of 463 implementation projects with planned actual use start ups, 83.3 percent were completed.

The inventor and innovator movement continued to develop. The number of applications for registration of inventions reached, according to preliminary findings, 5800; the number of improvement proposals was more than 225 thousand. The implementation rate of innovative proposals has also improved and social gain from the first year of implementation reached 2.8 billion korunas.

Labor Force

According to preliminary findings, the average number of people working in the socialist sector of the CSR national economy (without the JZDs) has increased over 1978 by 28.7 thousand people, i.e., 0.6 percent.

In industry, the number of workers increased by 0.4 percent, in the CSAD transportation by 0.3 percent and in construction by 0.2 percent. In connection with the growth of technological improvements and retirement of elderly workers, the decrease in the number of agricultural workers continued.

In most non-production branches, the number of workers continued to increase, e.g., in education by 2.9 percent, in health care by 2.0 percent, and in retail trade by 1.4 percent.

Working women (excluding those on maternity leave) represented 45.6 percent of the total number of workers in the socialist sector of the national economy. During the year, the number of women on maternity leave was 273 thousand, i.e., 1.2 thousand less than in 1978.

The average monthly salary of workers in the socialist sector (excluding the JZDs) increased by 2.5 percent and reached 2,596 korunas. In industry, salaries rose by 2.6 percent to 2,725 korunas and in construction by 1.8 percent to 2.860 korunas.

The level of incapacitation due to illness or accident (exluding the JZDs), rose over 1978. The average rate of disability was 4.29 percent (4.18 in 1978) and the average length of incapacitation in an individual case was 17.3 days (16.9 days in 1978).

Fiscal Management

According to preliminary figures, plan fulfillment in state economic organizations managed by the CSR government fell short by 0.5 percent. The relative level of tangible costs (less write-offs), but including intangibles, represented 66.90 haler per koruna of adjusted performance, i.e., 0.11 haler less than in the plan. The relative level of overall outlay reached 89.95 haler per koruna of adjusted performance, and was 0.08 haler higher than the plan. The planned level of profits has not quite been reached.

Inventories (less unaccounted labor and deliveries and without construction site equipment) increased during 1979 by 5.2 percent. Inventory turnover in centrally-managed organizations has slowed somewhat compared with 1978.

Standard of Living

Personal income rose over 1978 by 3.1 percent. Per capita annual income in the CSR averaged 23,287 korunas, i.e., 2.6 percent more than in 1978. Income from wages rose by 3.2 percent, due primarily to the growth of average wage rather than increase in number of workers. Overall income in agriculture was 0.2 percent lower than in 1978; primarily, because the decrease of income from sales of agricultural products continued while payments for JZD work have increased over 1978. Transfer payments rose by 4.2 percent; this development emanated from socio-political measures implemented in connection with the price adjustments in July 1979. Personal loans by the State Savings Bank were 3.3 percent lower than in 1978. Newlyweds received loans in the amount of 1.9 billion korunas, and government support following childbirth, reached 340 million korunas.

Retail turnover of all trade systems rose in current prices over 1978 by 5.6 billion korunas, i.e., 3.3 percent. The retail trade rose 5.0 billion korunas, i.e., 3.0 percent public food catering by 0.6 billion korunas or 3.0 percent. The state retail plan was met by 101.3 percent, of which the retail trade was 101.5 percent and public food catering by 100.0 percent.

Retail trade of the principal sales systems increased by 4.9 billion korunas, i.e., 3.5 percent, and the state plan was fulfilled by 101.9 percent. In the retail trade, the plan was fulfilled by enterprises of the CSR Trade Ministry and the Union of Czech Consumer Cooperatives 101.9 percent, Coal

Storage 105.0 percent, enterprises of the Trade Ministry public food catering organizations of the CSR Trade Ministry (Cedok) 102.4 percent, Union of Czech Consumer Cooperatives 103.0 percent, and national committees 100.6 percent.

Earnings of the local economy enterprises and production cooperatives, rose by 243 million korunas over 1978, i.e., 3.0 percent, and their planned volume was exceeded by 1.6 percent.

In all forms of housing construction in the CSR, roughly 75.4 thousand apartments were completed, of which 74 thousand or 7.0 percent less than in 1978, were national committee projects. The planned number of completed apartments was not reached. Of the total number of apartments planned by the national committees, 19 thousand were completed in communal construction, 23 thousand in cooperative construction, 10 thousand in enterprise construction, and 22 thousand in individual construction of family homes.

In the capital city of Prague, 9,621 apartments were completed under the national committee project or 11.7 percent short of plan. In the North Bohemian kraj, 10,571 apartments under the national committees project were completed, which was 4 percent short of the plan.

In all forms of new construction, roughly 82 thousand apartments were started, of which 78 thousand were under the national committees project, a shortfall of 4 percent over 1978; overall plan fulfillment fell roughly 8 percent short.

In health care, one health care district averaged about 3,276 inhabitants, and one national committee health center about 389 inhabitants.

A total of 15.5 billion korunas were expended for health insurance and mother and child care, i.e., 5.7 percent more than in 1978.

29.1 billion korunas were paid in retirement benefits, i.e., 4.7 percent more than in 1978.

The natural population growth was 46 thousand in 1979, i.e., 6 thousand less than in 1978. By the end of 1979, there were 10,318 million inhabitants in the CSR.

CSO: 2400

CSSR FEDERAL BUDGET FOR 1980 ANNOUNCED

Prague SBIRKA ZAKONU in Czech No 28, 1979 pp 694-705

[Text]

148
LAW
Dated 12 December 1979
1980 Czechoslovak Federation State Budget

The Federal Assembly of the Czechoslovak Socialist Republic passed the following law:

Section 1

1. The overall income of the Federation's state budget is set up in the amount of Kcs 164,130,400,000

the overall expenditures of the Federation's state budget are set up in the amount of Kcs 164,130,400,000

(Appendix)

2. Out of the overall expenditures of the Federation's state budget:

A. Special purpose allocations to the republics' state budgets:

To the Czech Soicalist Republic	Kcs	24,497,810,000
To the Slovak Socialist Republic	Kcs	14,723,833,000

From this:

a. allocations for selected investment actions for the entire Federation and further development of the republics:

To the Czech Socialist Republic	Kcs	1,696,000,000
To the Slovak Socialist Republic	Kcs	747,000,000

b. allocations for investments to implement the tasks of regional development for organizations managed by federal organs:

To the Slovak Socialist Republic	Kcs	160,000,000

c. noninvestment allocations for developing of the North Bohemia Kraj, National Theater and Palace of Culture in Prague

	Kcs	249,600,000

d. Noninvestment allocations for state programs of technological development

To the Czech Socialist Republic	Kcs	560,138,000
To the Slovak Socialist Republic	Kcs	326,873,000

e. selected types of price allocations and subsidies

To the Czech Socialist Republic	Kcs	16,939,100,000
To the Slovak Socialist Republic	Kcs	9,609,400,000

f. allocations for premiums and reductions in foreign trade

To the Czech Socialist Republic	Kcs	3,445,000,000
To the Slovak Socialist Republic	Kcs	2,848,000,000

g. Allocations for needs of a defensive nature including research and development tasks

To the Czech Socialist Republic	Kcs	837,972,000
To the Slovak Socialist Republic	Kcs	482,560,000

h. allocations for individual housing construction

To the Czech Socialist Republic	Kcs	770,000,000
To the Slovak Socialist Republic	Kcs	550,000,000

B. Global allocations

To the Czech Socialist Republic	Kcs	35,892,190,000
To the Slovak Socialist Republic	Kcs	29,066,167,000

Section 2

The government of the Czechoslovak Socialist Republic or, on the basis of its authorization, the finance minister may adjust the binding tasks and limits of the Federation's state budget, especially in accordance with the state plan changes, price changes, organizational changes, with adjustments of economic tools in foreign trade and in appropriating means

from the government budget reserve. By means of these measures the equilibrium of the Federation's state budget must not be affected.

Section 3

This law will become effective on 1 January 1980

/s/ Husak
/s/ Indra
/s/ Strougal

Appendix to Law 148/1979,
Sbirka

Overall Summary
of the Czechoslovak Federation's State Budget

Income	in thousands of Kcs
Income from socialist economy	163,116,907
Other income	1,013,493
Total	164,130,400
Expenditures	
Expenditures of federal organizations for:	
Economy	38,578,741
Cultural and social measures	1,815,838
Defense and security	18,090,700
Administration	1,445,007
Courts, public prosecution and arbitration	20,114
Total	59,950,400
Total allocations from the Federation's state budget to the republics' state budgets	104,180,000
Total	164,130,400

151

LAW

of the Czech National Council

dated 18 December 1979

State budget of the Czech Socialist Republic for 1980 and budgetary determination of the yield of certain water management payments.

The Czech National Council passed the following law:

Section 1

1. The overall income of the state budget of the Czech Socialist Republic (hereinafter referred to as the "republic's state budget") is established in the amount of Kcs 128,790,000,000

The overall expenditures of the republic's state budget is established in the amount of Kcs 128,790,000,000

(Appendix No 1)

2. Included in the republic state budget are:

a. allocations from the state budget of the Federation to the republic's state budget in the amount of Kcs 60,390,000,000

b. Financial relations to the national committee's budgets, namely:

nonspecific allocations in the amount of Kcs 17,100,300,000
special-purpose subsidies in the amount of Kcs 21,840,100,000

(Appendix No 2)

Section 2

Provided the equilibrium of the republic's state budget is not affected the government of the Czech Socialist Republic or, on the basis of its authorization, the finance minister may project into the republic's state budget especially the changes in the state plan for development of the national economy of the Czech Socialist Republic, price changes, organizational changes, changes in connection with detailed elaboration of construction of the Czechoslovak sector of the Soyuz gas line and adaptation of nonspecific allocations and special-purpose subsidies of the national committees if the conditions are changed under which nonspecific allocations and special-purpose subsidies were established.

Section 3

1. The yield of payments for delivery of underground water and of penalties connected with these payments[1] is income for the state budget of the Czech Socialist Republic.

2. The yield of payments for getting waste waters to surface waters and penalties connected with these payments[2] is income for the State Fund of Water Management of the Czech Socialist Republic.

Section 4

This law will become effective on 1 January 1980.

/s/ Erban
/s/ Korcak

Appendix No 1
to Czech National Council Law
No 151/1979, Sbirka

Overall Summary
of the Czech Socialist Republic' State Budget

Income	in thousands of Kcs
Income from socialist economy	38,679,585
Taxes, rates, duties from the population	28,610,000
Other income	1,110,415
Allocations from the Federation's state budget	60,390,000
Total	128,790,000

Expenditures	
Expenditures of centrally managed organizations for:	
Economy	32,983,509
Cultural and social measures	52,336,636
Defense and security	3,437,700
Administration	737,858
Courts, public prosecution and arbitration	353,897
Nonspecific allocations to budgets of the national committees	17,100,300
Special purpose subsidies to budgets of the national committees	21,840,100
Total	128,790,000

1. Second part of CSSR Government Decree No 35/1979, Sbirka, relating to payments in water management.
2. Third part of CSSR Government Decree No 35/1979, Sbirka.

Appendix No 2 to Law
of the Czech National Council
No 151/1979, Sbirka

Nonspecific allocations and special-purpose subsidies to national committees' budgets included in the Czech Socialist Republic' state budget.

Kraj	Nonspecific allocations (in thousands of Kcs)	Special-purpose subsidies (in thousands of Kcs)
The National Committee of the Capital City of Prague	3,266,800	7,585,700
Central Bohemia	1,495,700	1,588,800
South Bohemia	1,273,300	1,146,700
West Bohemia	1,824,900	1,197,900
North Bohemia	2,862,600	3,612,800
East Bohemia	1,345,500	1,557,400
South Moravia	1,670,500	2,465,200
North Moravia	3,361,000	2,685,600
Totals	17,100,300	21,840,100

152
LAW
of the Slovak National Council
dated 19 December 1979

The Slovak Socialist Republic's state budget for 1980

The Slovak National Council passed the following law:

Section 1

1. The overall income of the Slovak Socialist Republic's state budget (hereinafter referred to as the "republic's state budget") is established in the amount of Kcs 71,356,664,000

Overall expenditures of the republic's state budget are established in the amount of Kcs 71,356,664,000

(Appendix No 1)

2. Included in the republic's state budget is the summary financial relation of the national committee's budgets to the republic's state budget (allocations from the republic's state budget) in the amount of Kcs 8,400,300,000

and special-purpose subsidies from the state budget to the national committees' budgets in the amount of Kcs 10,261,200,000

(Appendix No 2)

Section 2

The government of the Slovak Socialist Republic or, on the basis of its authorization, the finance minister may project into the republic's state budget, provided its balance is not thereby affected, especially changes in the state plan for development of the national economy of the Slovak Socialist Republic, organizational and price changes, adjust the summary financial relation and special-purpose subsidies to the national committees if preconditions are changed under which these relations to the republic's state budget were established.

Section 3

1. The yield of payments for delivery of underground water and the yield of penalties connected with these payments[1] is income for the republic's state budget.

2. The yield of payments for getting waste waters to surface waters and penalties connected with these payments[2] is income for the State Fund of Water Management of the Slovak Socialist Republic.

Section 4

This law will become effective on 1 January 1980.

/s/ Salgovic
/s/ Colotka

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1. Second part of the CSSR Government Decree No 35/1979, Sbirka, relating to payments in water management.

2. Third part of CSSR Government Decree No 35/1979, Sbirka.

Appendix No 1 to the
Slovak National Council Law
No 152/1979. Sbirka

Overall Summary of the Slovak Socialist Republic's State Budget for 1980

Income	in thousands of Kcs
Income from socialist economy	15,428,940
Taxes from the population and duties	11,419,000
Other income	718,724
Allocations and subsidies from the Federation's state budget	43,790,000
Total	71,356,664

Expenditures	
Economy	26,216,698
Cultural and social measures	24,289,745
Defense and security	1,469,100
Administration	491,695
Courts, public prosecution and arbitration	227,926
Summary financial relation and special-purpose subsidies to the national committeees	18,661,500
Total	71,356,664

Appendix No 2 to
Slovak National Council Law
No 152/1979, Sbirka

Summary financial relation (allocations) and special-purpose subsidies to the national committees from the state budget of the Slovak Socialist Republic for 1980

Kraj	Subsidies (in thousands of Kcs)	Special-purpose subsidies (in thousands of Kcs)
National Committee of Bratislava, capital city of Slovak Socialist Republic	602,800	2,197,000
West Slovakia Kraj National Committee	1,724,200	2,703,800
Central Slovakia Kraj National "	3,004,500	2,749,600
East Slovakia Kraj National "	3,068,800	2,610,800
Total	8,400,300	10,261,200

11360
CSO: 2400

IMPORTANCE OF COST-ACCOUNTING TO PLAN FULFILLMENT EMPHASIZED

Prague HOSPODARSKE NOVINY in Czech 25 Jan 80 p 3

[Article by Frantisek Pavelka, worker at the CPCZ Central Committee: "Plan and Cost-Accounting"]

[Text] One of the important ways of implementation of the party economic policy and its strategic line is also the gradual improvement of the system of planned management and more effective use of its elements and tools A major positive role in this process is planned also by the improvement of cost-accounting (khozraschet) as the form and method of planned rational management and organization of economy under the conditions of the socialist commodity production.

At the present time, our socialist economy enters the final period of implementation of basic tasks of the party economic policy formulated by the 15th CPCZ Congress for the period of the Sixth Five-Year Plan in the following manner: "...the basic objective is to insure, in accordance with the socialist life style, the satisfaction of increasing material and intellectual needs of the population, and further consolidation of its existential and social security on the basis of high efficiency of social production and quality of all work. The following principle is still valid: our work will determine how we will live."

The present development of the national economy and underlying domestic and external conditions demonstrate that this conception of economic policy, based on the long-term strategic line of the 14th CPCZ Congress which called for further increase in efficiency and use of intensive factors in the economic growth, has not only preserved its validity, but its topicality and urgency has substantially increased.

The significance of cost-accounting, in the implementation of this conception or party economic policy, lies particularly in the fact that it combines social interests with the interests of work collectives on the basis of personal, both material and moral incentives, and that it is based on the principle that the economic and financial situation of each socialist enterprise depends upon the amount and results of its work. On this basis, the cost-accounting causes the enterprises to achieve, in the interest of

the society, the maximum results at minimum costs and stimulates the enterprises to the rational and effective utilization of material, labor and financial resources.

Basic Condition of Expanded Cost-Accounting

The cost-accounting is not an unchangeable category of the socialist economy which is given once for ever. It is part of its economic basis, of the system of its production relations and, as the socialist method of production develops, it changes and gradually improves. Its gradual improvement, however, must always take into account that it is a tool for coordination of social interests with the interests of collectives and individuals, and for subordination of their interests to the interests of the society, while permanently observing the principles of cost-accounting formulated by V.I. Lenin particularly in his work "The Next Tasks of Soviet Power" published already in 1918.

Looking at the problem from this standpoint, we can say that the basic and key condition of the improvement of the cost-accounting system and of its greater effectiveness is the development and intensification of planning both on the national economic and ministerial, sectoral and enterprise levels. It is so because the plan in the broadest sense expresses the will of the socialist society to achieve the goals set on the basis of profound knowledge of objective laws and needs of the social development. The plan formulates the society's interests and priorities for the given period in the form of specific tasks which must be accomplished by the subjects controlled by it in order to achieve the set goal, and determines the tools and means by which these interests should be satisfied and implemented.

The plan can help render the use of cost-accounting more thorough and more effective primarily by its orientation to economy and efficiency, by its balance and stability.

By its emphasis on economy and efficiency, that is on savings of live and disembodied labor [NOTE: terms used by K. Marx, see Capital, Vol 1, p 216. The first term refers to current value added by human labor, the second value of labor used at an earlier stage in production and included in the total value], on valuation of material, labor and financial resources, the plan creates the basic general climate for economic thinking on the basis of economic calculations and recomputations, for weighing the advantages of various problem solutions, selection of methods and ways for a most efficient achievement and attainment of the established goals. Such an approach contains also one of the basic relationships between the plan and cost-accounting.

In its essence, planning actually is a conscious activity, an effort to produce in advance specific use values as socially necessary. The plan must, therefore, specifiy what types of use values, in what quantity, structure and assortment should be produced in the first place. This alone, however, is not enough (and its biased use as the principal and

decisive plan indicator--particularly if there is too much empahsis on the total production volume as the basis--can, on the contrary mislead the enterprises and to formalize the cost-accounting to a considerable extent). Moreover, the plan must insure the necessary (social) efficiency of this production. (To hope that the plan will actually determine the production volume and that the prices, wages and capital, and the related tools of material incentives will automatically achieve desirable efficiency would be rather naive and improvident.)

The basis of insuring efficiency of social production in the plan already is the very determination of production structure and assortment* and the provisions for the practical application of scientific and technological achievements in production on the basis of the plan of innovations and enforcement of corresponding economy.

New Type of Economizing

The present type of thrift and innovations was based on the idea that the increase in production and its effect was primarily achieved by drawing a constantly increasing amount of capital into production. Under the present conditions of limited increases in material, energy and labor resources, the type of economy as well as the type of innovations must be fundamentally changed so that the greater part of the growth in the final results will be achieved by smaller amounts (savings) of resources invested in the production. This change in approach and valuation, however, must be incorporated in the plan itself. The cost-accounting and cost-accounting incentives are and will essentially be always linked to the formulation and protection of social interests in the plans. The khozraschet and the tools on which it it based can be actively effective only if there is a unity of goals and instruments of the plan and cost-accounting.

The production structure and the choice of goods must be adjusted to this new type of thrift already in the planning stage in such a way that the material- and energy-efficient products will predominate. In other words those products whose manufacture does not require a great deal of raw materials goods in process and energy, but also the products (and these perhaps in the first place) whose use will save material, energy and labor. All this requires that the plans determine not only what should be produced, but also the manner of production and consumption, and also how social capital should be spent and used. A plan thus oriented to efficiency and economy must be "materially" backed by a planned method of evaluation of the results achieved by the collectives and individuals. They must be judged not on the basis of meeting the quantity targets, but primarily for the accomplishment of tasks in the structure, selection of goods, efficiency and economy. (As to the evaluation of results, our present

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* We can in fact say the the nonfulfillment of the production plan in terms of structure and planned selection of goods--even when the targets for the overall volume are met--one of the sources of lower efficiency under the present conditions and may eventually constitute the source of increased disproportions.

system of planned management is not properly fitting for a correct evaluation of results achieved in efficiency and economy. The instances are not rare that the enterprises which perform the tasks required by the society rationally and very economically sometimes are, under the present system of material incentives and cost-accounting, worse off simply because they did not comply, due to the observance of economy, with the required production volumes.)

Increasing the role of the plan in the development and more extensive use of the cost-accounting system calls also for qualitative changes in balancing of resources which are available for meeting the plan targets (and thus also for the attainment of goals and interests of the entire society). The CSSR has already adopted a number of measures for the improvement of so-called material balances--systems of materials inventory and sales coordination and management, for example, have been gradually implemented. It is necessary, however, to go a little farther. We must gradually switch from the essentially distribution (allocation) system of balancing to the hierarchically stucturalized balancing. One of the possible ways of accomplishing it is indicated for example in the resolutions of the CPSU Central Committee and USSR council of ministers on improving of planning and enhancing the influences of economic mechanisms on production efficiency and quality of work. The underlying idea is that materials the inventories and distributions plans are approved by the cental organs only in regard to the basic nomeclature of the products. In regard to the lower management and operating units, the planning nomenclature of products is gradually expanded and is eventually incorporated in the specific supplier-consumer contracts between the production, sales and trade organizations. It should be obvious that, if the central agency makes plans for the manufacture of some final product, it does not have to plan (and balance) the goods in process. The latter must be included in the production plans of units at the lower levels of management which are responsible for the supply of the product in question.

How the Plan Stability Should Be Interpreted

The imbalance in the plan induces the cost-accounting units to a behavior which is other than desirable from the rational standpoint of the society as a whole. They emphasize their claims on resources of the society and try to fulfill the plan by reducing the requirements and so on.

One of the major conditions of increasing the role of the plan as a tool, but also as the prerequisite for strengthening the cost-accounting system is its long-term perspective which, due to its scientific foundation and stability (including the stability of verified standards and norms) provides sufficient room for the utilization and implementation of some essential elements of cost-accounting and particularly the system of cost-accounting authority and responsibility.

In this area, the problems are frequently oversimplified because the long-term nature and stability of the plan are interpreted in accordance with the "indicators"; as an almost absolute unchangeability, stability of the plan targets, norms, instruments of the plan and conditions of its implementation.

Such an approach to the stability and long-term nature of planning is somewhat formal and superficial. In the rapidly changing economic reality, it is impossible to demand such a type of stability (which actually comes closer to rigidity). The basis of intensifying the ties between the perspective planning and cost-accounting lies in the tighter socio-economic links. It calls not only for the new method of assigning the tasks (derived from the target programs of scientific and technological development, and the related programs of innovations, savings and economy), but also for the new type solutions of problems arising from the system of cost-accounting authority and responsibilities.

Reduction of Bonuses Is Not Enough

The central point is not the centralization or decentralization of authority and responsibilities (although this problem is also important) or the so-called expansion of cost-accounting by increasing the operating autonomy of enterprises. Assigning specific tasks to the ministries, sectors, branches and enterprises has been, is and always will be the privilege of the society. The important point is that:

--the tasks already assigned by the higher levels of management on the basis of cost-accounting considerations; that is, on the basis of economic calculation, thorough evaluation of efficiency and weighing of all possible consequences; if new tasks have been assigned, it is necessary to determine which other tasks must be delayed or solved in another way;

--the khozraschet levels must be made materially responsible for the fulfillment of long-term, strategic goals and tasks established by the plan and must have sufficient authority to choose the method and ways of its effective fulfillment (that is, for example, if they have chosen a more economical method of production, they must not be penalized in their profit simply because they did not meet the volume targets set for the production). One of the ways of achieving the long-term cost-accounting responsibility of enterprises for the fulfillment of long-term tasks was indicated also by the following resolution of the 15th CPCZ Congress: "Enterprising factories must enjoy advantages. On the other hand, the lagging enterprises which manufacture products of inferior quality and do not make proper use of their production capabilities must be penalized."

It is not enough to reduce bonuses or other premiums for achieved [low] annual results. Obviously, it will be necessary also to make cuts in the planned requirements, if the production of resources falls short of the plan target; to carry not only the good but also the bad results into the next [planning] period; to increase the authority, but also the responsibility of enterprises for drawing-up the annual plans in accordance with the intentions of the five-year plans, and so on. This will, of course, call not for rigidity, but on the contrary for high flexibility of planning bodies at all levels, and a high flexibility of the plan itself.

Generally speaking, the enhancing of the role of cost-accounting does not and cannot mean a one-sided increase in the role of commodity capital

relations and of the law of values as a tool of management. By their essence, capital and commodity-capital relations are very anonymous because they constitute a general equivalency. If most of the key problems are caused by the subjective factors, it is necessary to identify them as such, to reward or penalize them, to stimulate or reduce them in very specific terms and with reference to specific individuals.

To increase the significance of the khozraschet in the fulfillment of urgent and topical social tasks means above all to develop them in accordance with and on the basis of more thorough planning. To achieve this goal, a number of positive measures have already been adopted in the CSSR in recent years whether within the so-called experiment or generally as the system of planned management has gradually been revised. But here also, we are just at the beginning of the process of further improvement and adaptation of both the system of planning and system of cost-accounting to the conditions of a developed socialist society.

10501
CSO: 2400

PARTY OFFICIAL CRITICIZES RESULTS OF 1979 AGRICULTURAL PLAN

Prague HOSPODARSKE NOVINY in Slovak 2 Feb 80 pp 8-9

[Article by Julius Varga, department chief within the Czechoslovak Communist Party Central Committee: "We Know What to Do and How to Do It"]

[Text] The past year was not a very successful one for farmers. The growth rate of farm production slowed down considerably, due to bad weather. The gross farm output was fulfilled only 93.6 percent; within this, crop production was fulfilled by merely 87.8 percent; and livestock production, by 98.5 percent. The farm output was lower by 4.2 percent also in comparison with 1978; crop production, by as much as 11 percent, although there was a moderate increase of 1.6 percent in livestock production.

Last Year's Balance

The gross farm output was not fulfilled in 1979 primarily because of a shortfall of 1.9 million tons in grain production, and due also to the nonfulfillment of the output and purchasing of winter rape, sugar beets, fruits and vegetables. But it should be noted that in these areas the plan had been particularly demanding. Relatively favorable results were achieved in the production of roughage, althout problems still remain regarding the quality of the fodder, and the high losses during harvesting and storage. The good results were enhanced by a more aggressive start, and particularly by the intensified efforts to fulfill the tasks elaborated at the 13th session of the CPCZ Central Committee.

We may say that the grain harvest was completed fairly successfully, but we were unable to limit the losses in harvesting the row crops and fodder crops.

We failed to fulfill the tasks in the production and purchasing of fruits and vegetables. The problems in supplying the population with fruits and vegetables are persisting and, despite various measures, the supply route from producer to consumer is not a flexible one. We must exert greater pressure also on the sphere of trade, where there is often little interest in selling what was produced. We must devote more attention to--and also propagate more--the production of fruits and vegetables by small growers.

Livestock production in 1979 developed at a more favorable rate than crop production. This was made possible by exceptional imports of feed grain from nonsocialist countries, specifically of 2.05 million tons of grain, and also of extracted oil-seed cake (588,000 tons) and animal meal (39,000 tons), in order to improve the mixed feeds and to raise livestock yields. Despite this, however, several tasks were not fulfilled.

Our experience in 1979 indicates that the further development of livestock production makes it essential to create the necessary resources for the intensification of production by reducing losses and raising the protein content of our own feed, and to produce mixed feeds of a quality that will ensure higher livestock yields. The past year proved the significance of roughage and the importance of its quality; neither the increased grain harvest in 1978 nor the the grain imports in excess of the plan were substitutes for roughage. This is reflected in the poor results achieved in cattle breeding, and in the production and purchasing of milk and meat. Problems accumulated during the year in livestock production. Exceptional measures had to be adopted to supply the market, and this was reflected in lower slaughter weights. The plan for the purchasing of slaughter cattle was fulfilled 99.8 percent, at the expense of the herds. This was evident in the low average slaughter weight: 468 kilograms per head, cows included. Continuation of this development would be intolerable.

Therefore we emphasize that it is necessary to return to the 13th session and, in the sense of its conclusions, to adopt radical measures for the development of cattle breeding, with special emphasis on higher annual milk yields and calving rates.

We appreciate the results of the efforts in South Moravia, North Moravia and West Slovakia krajs where the plan's targets for milk purchasing have been met. The other krajs were slow in reacting to the arising shortfalls and were then unable to compensate for nonfulfillment. In the same way we cannot be satisfied with the fulfillment of the plan for the purchasing of hogs. The shortage of starter pigs (270,000 head) was keenly felt. This shortage arose because the conditions for raising the starter pigs were not ensured at the end of 1978 and the beginning of 1979. The average weight gain dropped in comparison with 1978, partially as a result of a decline in the effectiveness of the mixed feeds.

Essentially only poultry production developed favorably. The plan for the production and purchasing of slaughter poultry was exceeded, and the plan for eggs was fulfilled.

Efforts to reduce livestock losses were unsuccessful, and here there are considerable differences by farms. But this depends on the attitude of the people to their work, and not solely on the feed rations and feed quality.

Work with people in this area appears as a limiting factor. We cannot overlook also the intolerable slaughtering of cows. Some farms culled as many

as one-third of their cows during the year. After all, we must raise beef by fattening, instead of substituting cows for beef cattle. It is intolerable that the productive life of a dairy cow is only three years.

So far as the experience of the past year is concerned, we are interested primarily in mobilizing our reserves, in learning the results of the best farms so that their methods may spread, and in uncovering the reasons why the weak farms are lagging. Once we know these reasons, we will be able to eliminate them. We have relatively well developed capacities for livestock production, and we must not achieve poor results with our best capacities.

A rise in the intensity of farm production was ensured in the Sixth Five-Year Plan, and in the course of its realization also in 1979, through increased deliveries of means of production. The plan for the supply of manufactured fertilizers in 1979 was fulfilled 98.4 percent, and agriculture received 1,712,900 tons of net nutrients, i.e., an average of 246.3 kilograms per hectare of farmland. Consumption of phosphorous materials per hectare of farmland averaged 259.0 kg; and of plant protectants, 2.45 kilograms of active ingredient.

Increase in capital construction and expansion of fixed capital were a significant factor in the material supply of farm production also in 1979. The planned volume of investments was 12.3 billion korunas, but the actual volume reached 15.7 billion korunas. This overfulfillment resulted particularly from the planting of more orchards, vineyards and hop plantations.

Parallel with this significant expansion of investment activity, however, adequate conditions have not been created for the greater final effect of this capital construction, in terms of labor productivity and higher intensity of farming. Investment objectives, therefore, must be directed more toward complementing the existing fixed capital, toward the construction of storage facilities that can minimize losses in production as well as in consumption.

The sharp rise in costs and particularly in material consumption is causing a practically long-term stagnation of profit, the volume of which was 5.7 billion korunas in 1979. (By comparison, profit amounted to 10.3 billion korunas in 1974, and to 8.9 billion in 1973.) In 1979, the shortfall in profit was approximately 4.2 billion korunas, and profit allocation was exceeded by roughly 2.5 billion korunas. We will see to it that this problem is solved quickly, so that problems will not arise in either financing or production.

Since the food industry's performance is linked to the results achieved in farm production, in 1979 the food industry did not fulfill the plan's targets for gross output and deliveries to the domestic market. The volume of gross output amounted to 95.4 billion korunas (98.6 percent of the planned volume), and food deliveries at retail prices totaled 99.4 billion korunas (98.7 percent of the plan's target). Plan fulfillment in the food industry was influenced the most by a drop in deliveries of slaughter animals,

milk, and certain fruits and vegetables; in the case of deliveries for the domestic market, by lower sales of spirits, wine and tobacco products; and by shortages of certain imported raw materials. These trends were taken into account when setting the growth rate for the food industry in 1980.

Plan Demanding Yet Realistic

The tasks set for agriculture and the food industry this year are demanding yet realistic. The plan is demanding because it is necessary to achieve the best possible fulfillment of the tasks of the entire Sixth Five-Year Plan, in all sectors of production. And the plan is realistic because our internal and external conditions and possibilities were reviewed and evaluated comprehensively and objectively, and tasks have been set that we can master successfully if we consistently mobilize our resources, forces and reserves. The plan sets also tasks that should not increase the import intensity if our domestic resources are maximally utilized, and simultaneously the prerequisites are being ensured for a more proportional development in this respect in the coming years.

The gross farm output should reach 85.3 billion korunas, an increase of 7.2 percent over 1979 (but only 2.4 percent in comparison with 1978, our most favorable year). In agreement with the objective to continue to increase our self-sufficiency and to eliminate the disproportions between the development of crop production and livestock production, practically the entire increase is planned in crop production, while the growth of livestock production as a whole will be limited.

The key task remains the production of grain and roughage. These two branches are decisive for farm production this year and for the transition to the Seventh Five-Year Plan. Grain production should reach 11 million tons, slightly more than the bumper crop in 1978. This is a demanding task, but it can be fulfilled if the weather is good and if the basic technological and cultivation requirements are met. Conditions on the whole favorable have been created last autumn by increasing the acreage sown to winter grain, but much will depend also on spring planting, because spring grain accounts for roughly 40 percent of the total grain acreage. Judging by our experience in years past, everything will depend on the quality of work, on the proportions of the most productive varieties within the total grain acreage, on completing soil preparation and seeding in due time, quickly and under the most favorable conditions.

A no less important task is the production of roughage. On the volume and particularly on the quality of the fodder crops will depend the extent to which we can reduce the consumption of feed grain and also the import demand. The plan anticipates 14 million tons of roughage for this year, in terms of hay. This is 500,000 tons more than last year. Which again shows that the task is not an unrealistic one, but it will require mobilization of all our reserves, as this was pointed out also by the 13th session of the CPCZ Central Committee. First of all this means that close attention

and care will have to be devoted to clover and lucerne as our most intensive fodder crops grown on arable land, and already this year their acreage will have to be increased within the limits of the existing possibilities. In growing silage corn, efforts must be made to increase the dry-matter content of the silage, primarily through timely planting and choice of seed. The good experience with growing companion crops should be utilized, and this year they should be grown on approximately 12 percent of the arable land in all the regions where the conditions for this exist.

As we have repeatedly emphasized, our greatest possibilities lie in the management of meadows and pastures. This year we must approach more forcefully the realization of the tasks of our meadow- and pasture-management programs; we must not limit our efforts to basic care and mowing, but must achieve a higher level in the management of our grasslands. Already now in winter we must make preparations for drying and storing the hay, for here we have great reserves and avoidable losses. Therefore we must ensure in due time the equipment for hay drying and must build suitable storage facilities.

While attention is being focused on grain and fodder, the other tasks in crop production must not be neglected. This applies first of all to the growing of sugar beets whose harvest this year must be 8.2 million tons, 14.5 percent more than the average for the first four years of the Sixth Five-Year Plan. In this respect we must further develop and expand the drive to achieve five tons of refined sugar per hectare, since last year this drive produced noteworthy results in some okreses. More attention must be devoted to potatoes, for which the plan sets a target of 3.9 million tons. Even though this task is roughly at level attained during the past four years, after the unfavorable experience last year we must consistently enforce everywhere the planting of potatoes on the planned acreage, which is already close to the limit from the viewpoint of securing the needs of society.

Oil seeds deserve close attention from the viewpoint of our self-sufficiency. Favorable conditions have been created already last autumn by planting winter rape on a record acreage of 94,000 hectares. However, we cannot rely on this alone, and great care will have to be devoted to spring cultivation and to planting sunflower on the planned acreage.

The high targets compel us to overcome the present problems and shortcomings in the production of fruits and vegetables. In both these sectors we anticipate significant increases in output and purchases over last year. These increases should be 810,000 tons of vegetables, and 335,000 tons of fruit. Besides volume, emphasis will be also on better adapting the structure to the market's requirements, so that purchasing may be more flexible and the entire crop may be utilized. We must devote attention to these questions already now when the supply contracts are being concluded.

A decisive factor from the viewpoint of fulfilling the planned tasks in crop production is a further rise in the intensity of farming, primarily through higher average yields. To fulfill the planned tasks, we must attain the following average yields per hectare: grain, 4.10 tons; perennial fodder crops, 7.18 tons; sugar beets, 37.6 tons; potatoes, 18.75

tons; and rape, 2.18 tons. Within the structure of the seeded acreage there will be partial increases in the acreages of pulse, oil seeds, perennial fodder crops, and row crops for feed and fodder.

A basic prerequisite, of course, is full utilization of the available farmland. By this I mean not only that every strip of land be cultivated, for example, with the help of the social organizations, householders and small farmers, but also that the land actually produce. Therefore emphasis will be on improving soil fertility--through investments as well as without them--and on greater protection of the available farmland.

The tasks in livestock production are very demanding. The plan for the output and purchasing of livestock products starts out from an evaluation of the development during the elapsed years of the Sixth Five-Year Plan, and from the realistic possibilities, particularly in the area of feed and fodder. In comparison with the original directive, therefore, also these plans were revised so that a further moderate rise in the consumption of meat, milk, dairy products and eggs would yet increase the demand for feed grain. In accordance with the conclusions adopted by the 13th session of the CPCZ Central Committee, therefore, we anticipate the faster development of cattle breeding parallel with the expansion of the herds, particularly of the dairy herd, and with higher livestock yields. These gradual structural changes in livestock production are reflected in the plan primarily in the production and purchasing of meat where there is a significant shift in favor of beef, at the expense of the production and purchasing of pork.

Purchases of slaughter animals (without poultry) should amount to 1,595,000 tons, which is only 7,500 tons more than the purchases reported for last year. Within this purchases of slaughter cattle are to increase by 16,000 tons, which is 3.2 percent more than last year, while purchases of slaughter hogs and slaughter poultry will show a moderate decline (slaughter hogs, by 7,000 tons; and poultry, by 9,000 tons). This objective has strong economic support in the further rise of purchase prices and other economic incentives for raising cattle. Milk production is to increase by 2.3 percent over 1979, and the output of eggs is to increase commensurately with the anticipated rise in their consumption.

We need not emphasize that also this year the decisive factor for fulfilling the livestock-production plan will remain the level of feed utilization and appreciation, particularly of feed grain. Even with the planned reinforcement of the feed base from central stocks (by 2.77 million tons), feed will not be abundant. Therefore attention everywhere must be focused on the question of managing the use of feed in accordance with the principles approved by the CPCZ Central Committee's Presidium in December of last year. Most of all we must insist on the careful planning and accurate recording-keeping of feed consumption, so that optimal rations may be set and the feed consumption may be evaluated monthly. The entire sphere of management, and the party organs and organizations must maintain continuous control over the management of feed, and they must see to it that there are

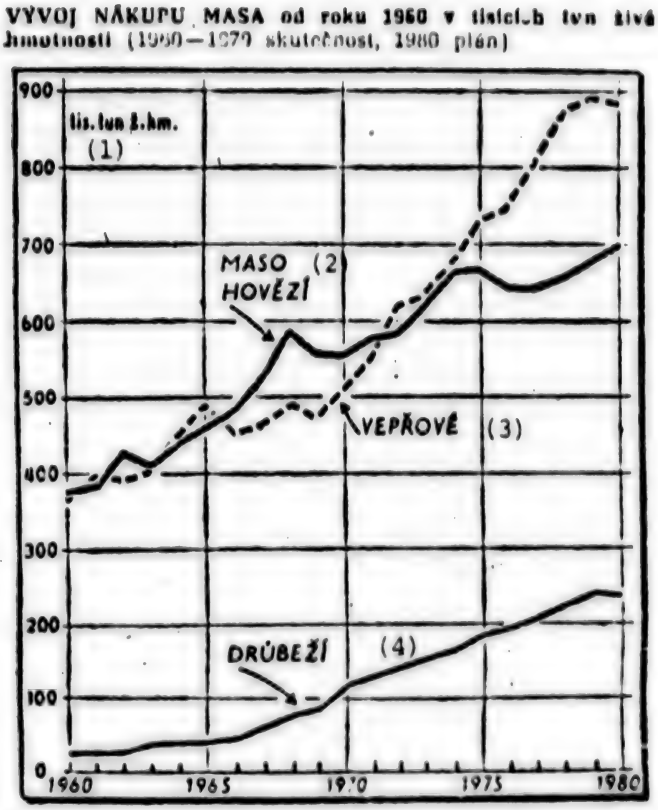

Figure 1. Development of meat purchasing since 1960, in 1000 tons of live weight. (Reported figures for 1960-1979, planned figures for 1980.)

Key:

1. Thousand tons of live weight
2. Beef
3. Pork
4. Poultry

no feed losses and all feed is utilized efficiently. Thanks to the timely allocation of feed from central stocks, today everyone knows what this is all about, and also the composition of the mixed feeds is improving. Nobody can expect additional allocations of feed. The main work at present lies in consistent control, and in mobilizing the people who directly influence and supply production. Development of the workers' initiative must be directed toward their aiding the efficient use of feed and the reduction of feed losses, and an effective system of material incentives must be introduced for livestock keepers and zootechnicians. Reduction of the consumption norm per unit of output must play a greater role and must be one of the yardsticks for evaluating the output of meat, milk, eggs, etc.

In conjunction with the tasks in livestock production, particularly in meat production, I would like to emphasize the need of a more effective approach by the managing organs and national committees to increasing meat production by small farmers, and on household plots for the households' own supply as well as for sale to the state. In this I do not see a return to out-dated forms, a step backward. Our concern is to better utilize our possibilities, to efficiently use all available land, grain, household wastes and other

resources. These possibilities and reserves are by no means insignificant. We want to utilize them better, and to continue to support them politically and economically.

Material Supply, Effectiveness

The supply and use of manufactured fertilizers are important for fulfilling the tasks in crop production. This year we are to supply 1.76 million tons of manufactured fertilizers, i.e., 47,000 tons more than last year. This averages 254.5 kilograms of net nutrients per hectare. There will be a partial improvement also in the supply of pesticides. But the important thing will be to use all these resources efficiently. The agrochemical enterprises should play a more significant role already this year. We expect them to offer more comprehensive and scientifically managed fertilizer application and plant protection, and their co-responsibility, with the agronomists of the agricultural enterprises, for attaining and increasing the average yields per hectare and soil fertility. Also in conjunction with the higher prices of manufactured fertilizers, agricultural enterprises must use them more efficiently. This year should be the year of a more aggressive drive for the better use and management of organic fertilizers, particularly of stable manure, as this was outlined at the 13th session of the CPCZ Central Committee.

So far as investments are concerned, their volume should reach 14.5 billion korunas, roughly the same level as last year. This includes 7.07 billion korunas for machinery and equipment. Besides machinery for basic cultivation (plows, tractor-drawn implements) and seeding, particularly the supply of tractors of the desired horsepower ratings cannot yet be insured adequately this year. This is true also of machinery for the harvesting and processing of shelled corn, fruits and vegetables. The plan for capital construction provides primarily for the priorities in soil improvement, including the construction of irrigation systems for 17,000 hectares (and starts on the construction of irrigation systems for 12,000 hectares, to be completed under the Seventh Five-Year Plan), as well as the drainage of 54,000 hectares. Furthermore, shelters will be built for 39,000 cows and 104,000 head of other cattle. In this context we must emphasize the need to distribute the investments efficiently, so that they may be used in accordance with objective needs, with the plans for the location of farm production, and for the concentration and specialization of farm production by krajs or in general. The main point is not to allow a dissipation of investment resources, but to use them for decisive projects. And this applies not only to buildings, but also to macninery, particularly to highly productive machinery.

This year we will have to devote exceptional attention in agriculture to saving fuel and energy. This applies particularly to diesel fuel, of which 140,000 tons or 11.6 percent less will be supplied to agriculture than in 1979, and to gasoline whose supply will be 20 percent lower. This will necessitate, particularly on the farms, the adoption of consistent measures to rationalize consumption, to ensure efficient use, to exercise strict control and not to allow any consumption in excess of the set norms.

Together with ensuring the production tasks, it will be necessary to concentrate also on the questions of raising effectiveness. Especially after last year's serious economic impact, attention must be focused on the questions of economizing, of using efficiently not only fertilizers, feed, materials and energy, but also live labor. The point is not to save at all cost. But we must consider very carefully where, for what, when and how we can use the available resources and means the most effectively. After the adjustment of the economic instruments as of the beginning of this year, nobody can expect that poor economic results, overspending and violation of financial discipline will be offset from the state budget. Here again, therefore, it is a task of primary importance to maximally curb the rising costs per unit of output and total output, to restore the growth rate of the formation of resources for the devevelopment of production and higher work payments, and to improve the overall effectiveness of production.

A basic task at present, one to which we must devote maximum attention, is the elaboration of the enterprise plans. We want the agricultural and food-industry enterprises to approach the elaboration of their plans truly in the spirit of the conclusions adopted by the 13th and 14th sessions of the CPCZ Central Committee. We must combat a passive or foot-dragging approach to the plan and must pillory the efforts to place parochial, narrow-minded enterprise interests above the needs and interests of society as a whole. On the other hand, we must support the enterprises that in their plans aim for increased specialization and concentration of production, for perfecting their production structure, and simultaneously exert pressure for mobilizing their reserves, for using all their productive resources more effectively, and for improving the practical application of the progress in science and technology. The slogan "utilize reserves" must be rid of formalism and, one might say, of a certain profanation that often occurs when we use it without convincing and reasoned comparative analyses. Many suitable examples of utilizing reserves more effectively can be found, we believe, at every enterprise. There are many convincing examples of this kind in livestock production, among others. If we analyze the performance of collectives and individuals who work under aproximately identical conditions, we certainly will find suitable examples. Similar examples can be found in crop production, at the feed-mixing plants and elsewhere.

Emphasis on Party Work

In conjunction with elaborating the enterprises' production and financial plans, it is necessary not only to acquaint the people with the production tasks but also to thoroughly discuss these plans with them. In other words, the people must be thoroughly acquainted also with the material-technical conditions under which the plan will be fulfilled. Their views and comments should not only be heard attentively, but should also be taken into account and projected into political and organizational measures, so that the people may feel that they actually have a say and are not merely some sort of passive factors. Then also their attitude and approach to the fulfillment of plan's tasks will be quite different, more active.

Discussion of the tasks contained in the plan of the enterprise and its worker collectives will be also on the agenda of the party groups, party committees and membership meetings of the basic party organizations. The basic organizations must comprehensively review the political and organizational provisions for the plan's fulfillment. Here they must see to it that the plan is based on a detailed analysis of the results achieved in 1979 and in the first four years of the Sixth Five-Year Plan. The basic party organizations must likewise see to it that the workers' suggestions regarding the plan, and the comments and debates at the Ninth All-State Congress of Unified Agricultural Cooperatives are utilized, and that the conclusions of the CPCZ Central Committee's 13th session are refined and adapted to the conditions of the enterprise, on the basis of the experience to date, when necessary.

It will be expedient, we believe, to discuss the plan's tasks at the membership meetings of the unified agricultural cooperatives and at the enterprise conferences, and to organize debates at the workplaces, within the individual operations and at the production conferences, on the planned tasks and on the provisions for ensuring their fulfillment.

Simultaneously this opportunity should be used to organize the development of the workers' initiative in honor of the 35th anniversary of our country's liberation by the Soviet Army. The workers' initiative should be directed at such key tasks as the production of fodder, grain, meat and milk, as well as at cost reduction, saving fuel and energy, the efficient use of feed, and raising the effectiveness of production. The cooperative farmers' and state-farm workers' participation in drafting the plan must be organized not only by the top economic officials, but also by the Union of Cooperative Farmers, trade unions, and the Union of Socialist Youth.

Activation of the Communists, begun in the interviews preceding the exchange of membership cards, should play a no small role in ensuring a proper approach to the elaboration of the plan. This requires that all party organizations not only monitor and regularly evaluate the set tasks, but also that they vigorously overcome all the problems that may arise this year.

The February membership meetings must play an important role in ensuring the plan's tasks. They must provide the political starting point for securing the plan, particularly in the area of work with the people. As this follows from the political-organizational provisions of the CPCZ Central Committee's 14th session, the February membership meetings of the basic party organizations must be used to evaluate the progress to date in fulfilling the tasks set by the 13th session, and on its basis to refine the start this year. The point is to project the realization of the 13th session's conclusions not only into the enterprise plans and the measures implementing them, but also into the work plans of the party organizations.

In conjunction with this it is necessary to evaluate--particularly within the party organizations at the unified agricultural cooperatives--how the

debate regarding the Ninth Congress of the Unified Agricultural Cooperatives ended and whether all the suggestions and comments made by the workers in the debate were utilized or answered.

Tasks Within Food Industry

The food industry is refining the quantitative and qualitative indicators of its 1980 plan. For example, the volume of gross output will increase by 2.5 percent over the report for 1979, and deliveries for market allocations will increase by 3.3 percent. If we take into consideration the shortfall in the fulfillment of the food industry's 1979 plan, primarily for shortages of domestic raw materials and raw materials from import, and in the case of some products also the marketing difficulties (alcoholic beverages and cigarettes), then the tasks for 1980 are very demanding. Therefore the entire food industry, pursuant to the conclusions of the 14th session of the CPCZ Central Committee, must aim for maximum value added to raw materials, while simultaneously reducing its production cost and storage cost.

In view of the serious problems in conjunction with imported raw materials, it is necessary to seek further measures. Proper orientation and direction of the processing of raw-material resources, which must be subordinated to the following considerations, will be of exceptional importance this year:

Continuous supply of the market with the basic groups of products must be ensured;

Production must concentrate primarily on those products that require the least scarce materials per unit of output;

Production yields must be increased to save raw materials, particularly in the meat, fat and canning industries;

The present trend of upgrading the quality of food products must be maintained, and quality differences must be equalized within economic production units, between the enterprises and plants;

The innovation programs of the individual food-industry enterprises must aim for maximum utilization of domestic raw materials, and product innovation should not be approved that depends on imports of packaging and raw materials from capitalist countries;

The transportation of raw materials and finished products must be improved to eliminate cross hauls and to better utilize transportation equipment.

Directed production should make for better supply of the demand for food products, even when resources are scarce. Introduction of the improved system of management, and comprehensive measures to control the quality of food-industry products will also serve this purpose. We must anticipate also this year certain disproportions between agriculture and the food industry. Therefore it will be necessary to place greater emphasis on better

utilizing the available production time in the principal production sectors, and particularly in the case of newly commissioned investments.

The area of capital construction is closely related to these problems. Its volume will be 4.085 billion korunas, 3.2 percent more than what has been reported for 1979. In view of the demanding nature of this area when we are reducing the volume of new investment starts in the entire national economy, it is necessary to focus attention primarily on the expedient reconstruction and modernization of existing plants. At every level of management it will be necessary to exert greater pressure against cost overruns and extension of the investment projects' construction time.

Despite the demanding tasks in 1980, we must not lose sight of the food industry's overall effectiveness.

Tasks in the Immediate Future

In agreement with the tasks of the 1980 plan and with the conclusions adopted by the 13th and 14th sessions of the party's Central Committee, political organizational work must pursue primarily the following objectives:

Even fulfillment of the output and purchasing tasks in livestock production, and continuous supply of the market with livestock products. In the present tight situation when a large number of animals that should have been fattened were culled in order to fulfill the tasks of last year's plan, even fulfillment will be of primary importance in the coming weeks to ensure the market's continuous supply with meat. This will require a breakdown of the planned tasks by ten-day periods within the agricultural enterprises, down to the individual farms and barns, and these breakdowns will have to be discussed with the livestock keepers and other workers in livestock production.

A comprehensive set of measures will have to be adopted to secure the planned tasks, and these measures will have to concentrate primarily on tightening technological discipline, on the system of work organization, on proper remuneration, and on utilizing the experience of the best workers in livestock production.

The results of each ten-day period and month must be evaluated by the individual barns and farms, and for the enterprise as a whole, and representatives of the service organizations must participate in these evaluations. Effective operational measures will have to be adopted to eliminate shortcomings.

In the sense of the obligatory regimen of managing and using feed, discussed last December also by the Presidium of the CPCZ Central Committee, we regard as exceptionally important the better management and utilization of feed. This requires that the responsible officials at every level of management prepare and refine feed budgets on the basis of the physical inventory of

feed, and also feeding plans within the agricultural enterprises in a breakdown by their individual sections and barns. Fulfillment of these feed budgets and feeding plans must be monitored consistently and must be evaluated in the ten-day and monthly analyses. In view of the better quality of the fodder, efforts must be made to reduce the consumption of feed grain by cattle, but consumption in excess of the norms must not be allowed even in the case of hogs and poultry. The stocks of the individual types of feed must last until the new harvest. (In all, 2.5 million tons of grain and 100,000 tons of extracted oil-seed cake and animal meal were imported in excess of the plan. The situation will improve also in the supply of feed additives.)

Management and political organizing work must now focus attention on optimal feed rations for the indivdual species and classes of livestock, utilizing for this purpose the results of the analyses; also on the thorough technological preparation of the feed, and on the gradual nationwide introduction of the optimization of livestock feeding. At the enterprises where the possibilities for this exist, it is necessary to begin the construction of plants for mixing fodder. As an inseparable part of fodder, treated straw must be used more extensively also this year to feed cattle. At the individual agricultural enterprises preference must be given to those forms of treatment that are not energy-intensive.

In the system of remuneration for livestock keepers and zootechnicians, the indicator of feed-grain consumption must be used more consistently in awarding premiums, and the premiums for workers in the feed-mixing industry should be based on the quality of the mixed feeds.

In the area of crop production it is necessary to critically evaluate this winter the results and experience of last year, and to start out from them in planning the spring chores and other measures for ensuring plan fulfillment in crop production.

In view of the persisting shortcomings in the supply of spare parts--even though the situation is improving gradually--it is desirable to devote attention already now to the state of the machinery for the first and subsequent stages of the spring chores. It is necessary to support and publicize the rebuilding of spare parts, mutual assistance by enterprises, and cooperation between agricultural and engineering enterprises.

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CONSTRUCTION INDUSTRY PROGRESS IN 1979 REVIEWED

Prague HOSPODARSKE NOVINY in Czech 1 Feb 80 p 2

[Commentary by Stepan Maksa, worker at the CPCZ Central Committee: "Building Industry"]

[Text] When we evaluate at the beginning of 1980, the last year of the Sixth Five-Year Plan, the fulfillment of the plan of capital investment and industrial production, that is in the organizations producing building materials, last year, then we must realize the seriousness of the situation.

Despite all measures adopted by the ministries, individual VHJ [economic production units] and enterprises, party and trade union organs at all levels of management at the beginning and during the year, the tasks set for 1979 were not accomplished. Over 27 percent of all enterprises contributed to this situation. The deficit in relation to the plan amounts to more than Kcs 1.1 billion in construction and to more than Kcs 400 million in production of building materials. If we realize that a deficit was registered in every year of the Sixth Five-Year Plan, then from the standpoint of nonimplementation of the guideline of the 15th CPCZ Congress in the area of capital investment and production of building materials the present situation is very serious. Contrary to the guideline of the Sixth Five-Year Plan, the total deficit during 4 years of this five-year plan exceeded Kcs 8 billion in construction work and Kcs 4.5 billion in production of building materials. And these are the figures which should not only make us think, but also lead to the adoption of measures which would help us achieve better results.

If we look at the material fulfillment, then it is necessary to state that most problems encountered in 1979 arose in comprehensive housing construction. As in the previous years, civic facilities and public utilities for the new housing development projects constitute a serious shortcoming. We have pointed out already many times the serious shortcomings in the preparation of construction sites and on the part of investors and design engineers, the shortcomings and difficulties faced by other organizations which significantly participate in comprehensive housing construction. For this reason, we should ponder upon the effectiveness of conferences

and negotiations at all levels of management, upon the effectiveness of adopted measures, and investigate, whether conditions are created for completion of projects on schedule and for the development of workers' initiative. Despite all measures, there are still enough instances--particularly in Prague--that apartments are built--as they say--for "future [illegible]". The reason? The so-called engineering networks, roads and civic [illegible]cilities are unfinished, there is no heat and gas supply.

No less serious situation in this respect is in the North Bohemia kraj. Moreover, we must realize that it does not concern comprehensive housing construction alone. In this kraj, which is of immense importance to our national economy, there are major industrial construction projects on which the further development of the fuel-power basis and petrochemical industry depends. Due to the effort of some organizations, particularly Engineering Construction Bratislava, Transportation Construction Projects Olomouc and sectoral enterprise Water Construction Projects it was possible to transfer necessary equipment to the North Bohemia kraj. As a result, the principal tasks on these centrally supervised construction projects are being accomplished despite all difficulties. On the other hand, we cannot be fully satisfied in this respect with the attitude of the organizations of Surface Construction Prague and Industrial Construction Projects Brno.

On other major construction projects for the power complex, nuclear and automobile industries, water works and so on the tasks were--though not without problems--accomplished. In no instance, however, should the achieved results lead to excessive self-satisfaction, particularly on the part of those VHJ which do not perform their tasks properly. The effort to complete construction projects on schedule involves quite a few potential risks--including particularly inferior quality of work which becomes apparent, when the building is put to use, and is reflected in the non-compliance with the planned parameters and so on. In this respect serious shortcomings were registered in 1979 also in the area of capital investment proper and completion of individual projects. Yet, these were the projects which decisively affects the work of construction workers in the future. As an instructively bad example we can mention the new plant for the Prachovice Cement Works which was not put into trial operation even after the original deadline for completion was extended. The resulting loss in cement production is so big that it cannot be made up for. Likewise, the deadline set by the government for completion of RAK III plant was not met. We could mention other not very good examples from the Ceramics Industry which substantially affected the fulfillment of its tasks.

When we sum up the results achieved in the fulfillment of the 1979 plan by the building industry, there are no reasons even for the smallest satisfaction. After all, an additional deficit exceeding Kcs 100 million for both ministries was registered last month. The resolutions of the sixth plenary session of the CPCZ Central Committee on further development of Czechoslovak building industry as well as all subsequent measures by the ministries, VHJ and enterprises pursued one goal: to fulfill the tasks of the Sixth Five-Year Plan. Emergency shifts were organized (the output by the Saturday

shifts, however, amounted to only 20 percent). As every year in the past, the youth was mobilized in summer (more than 25,000 students were engaged in construction work). Nevertheless, we must state that the building industry did not fulfill its tasks. We know very well that capital investment does not concern construction workers alone. It requires close cooperation and collaboration of investors, design engineers and all other participants. There is a variety of objective causes which hinder the continuity and completion on schedule of individual buildings and entire complexes.

All those who could affect the results should realize precisely on reviewing the year 1979, that it is not the objective reasons alone which have brought about this unfavorable situation. The subjective causes predominate in many instances. It was made clear a long time ago and attention is constantly drawn to the fact that serious shortcomings exist in management, in the considerable scope of unfinished projects, in the inconsistent enforcement and implementation of adopted measures as well as in the inferior quality of construction work. One of the serious reasons for the nonfulfillment of the 1979 plan in the building industry lies among other things in the insufficient preparedness of construction workers to carry out some work even under the worst conditions or in the ineffective use of people's initiative. In this respect, we should draw the appropriate lesson for the next period not only in construction, but also in industrial production.

Despite all difficulties, the organizations engaged in industrial production achieved relatively better results in coping with their tasks. The organization of Construction Engineering successfully fulfilled their tasks. Serious problems continue to exist in the area of ceramics production, production of prefabricates and cement production. The principal reasons lie in the delayed putting of production capacities into operation. This particularly applies to the ceramics industry and cement production. These VHJ also are largely responsible for the resulting deficit. The total production loss increased by more than Kcs 100 million in December alone.

This brief summary of the plan fulfillment by the organizations of the Ministry of Construction in 1979 would not be complete, if we failed to mention the results achieved by the organizations managed by the national committees. As is well-known, these organizations are considerably active in the area of repairs, maintenance and remodelling of houses, and small capital investment projects. With the considerable effort of some organizations, the last year's production loss was reduced by more than half. The worst results were achieved by the organizations of the North Bohemia kraj which account also for the largest proportion of the total deficit (more than Kcs 20 million). For this reason, all OSP [okres construction enterprises] will have to move necessary equipment to this kraj in 1980.

Although the building industry as a whole did not fulfill its tasks last year, we must appreciate the work of those who achieved good results despite all difficulties and obstacles. In working out comprehensive analyses of economic results, we will have the possibility of reexamining many problems more thoroughly and in broader contexts, and of practically applying all conclusions and measures whose implementation will represent a turn for the better.

10501
CSO: 2400

BRIEFS

CONFERENCE ON PLANNED MANAGEMENT--A 2-day conference on the latest finding concerning the perfection of the planned management of the national economy in an advanced socialist society opened in Bratislava on 19 February. It is attended by more than 250 scientists, pedagogues and economic experts from Bulgaria, the GDR, Poland, the USSR and the CSSR. [AU230937 Prague RUDE PRAVO in Czech 20 Feb 80 p 2 AU]

VISITING CANADIAN DELEGATION--A group of representatives of the Canadian Ministry of Industry and Trade, led by Deputy Minister B. C. Steers, arrived in Prague on 25 February to discuss with representatives of the CSSR's industry and trade the possibilities of production cooperation between CSSR and Canadian enterprises and also the offers of deliveries of Canadian equipment. [Bratislava PRAVDA in Slovak 26 Feb 80 p 2 AU]

CSSR-SYRIAN CONTRACT--A contract for supplies of equipment for a high-voltage line, to be delivered to Syria by the Elektrovod Bratislava enterprise, was concluded between the CSSR's Strojexport Praha Foreign Trade enterprise and the Syrian state electric power company. The 172-kilometer line will connect Damascus with Homs and Hama. [Prague RUDE PRAVO in Czech 25 Feb 80 p 2 AU]

TROLLEYBUSSES FOR KABUL--A total of 86 9TRH Skoda trolleybusses have been shipped to Kabul, Afghanistan. Thirty of these have been already transporting circa 50,000 passengers a day on the first of the three planned trolleybus routes in Kabul. [Prague LIDOVA DEMOKRACIE in Czech 27 Feb 80 p 4]

FIRES IN SLOVAKIA--At a press conference of the main administration of the fire protection department of the Slovak ministries of interior and of forestry and water economy, held on 29 February in Bratislava, it was announced that last year's 1,239 fires in Slovakia had caused direct damages totaling Kcs58 million; compared with last year, the number of fires had decreased by 82, and the damages by almost Kcs20 million. Most fires--471--were in Central Slovakia. [AU050920 Bratislava PRAVDA in Slovak 1 Mar 80 p 2 AU]

SLOVAK DOMESTIC MARKET--At his press conference on 26 February B. Kriak, Slovak deputy minister of trade, stated that last year the procurement plan for commodities for the marketable funds was fulfilled merely 99.3 percent, and the actual deliveries amounted Kcs539 million less than planned. The planned deliveries of foodstuffs were overfulfilled 1.6 percent, that is by Kcs556 million. Deliveries of industrial goods were underfulfilled 2.6 percent, that is by Kcs1.105 billion. The dynamics of the growth of retail trade turnover amounted to 4 percent, that is 0.9 percent more than planned. Sales increases were low in milk and dairy products, in flour and bread. Sales of passenger cars stagnated throughout the year: 3,635 cars less were sold than in 1978. [AU050920 Bratislava SMENA in Slovak 27 Feb 80 pp 1,7 AU]

CSSR-CANADA TALKS--On 26 February in Prague, B. Urban, Czech minister of industry, and B. C. Steers, Canadian deputy minister of industry and trade, discussed questions concerning the expansion of economic and scientific-technical cooperation in the paper and pulp industry, in the timber-processing, furniture and textile industries and in some branches of the chemical industry. [AU281145 Bratislava PRAVDA in Slovak 27 Feb 80 p 2 AU]

COMPOST GIANT--Special establishment 06 of the State Farm Praha called Agroservis will be producing over 110 thousand tons of humus and improved soil per year. As the largest humus-producing plant in Europe, it has been operational since November 1979. It processes daily 140 tons of garbage from several Prague suburbs, grass cuttings from parks, waste materials from vegetable stores, old hay and staw, liquid manure, tree bark and thousands of tons of sludge from Prague canalization system. The plant's side product is about 5 tons of scrap iron per day, extracted from the garbage. [Prague ZEMEDELSKE NOVINY in Czech 27 Feb 80 p 1]

CSO: 2400

GREATER RESPONSIBILITIES FOR COMBINE DIRECTORS OUTLINED

East Berlin DIE WIRTSCHAFT in German Vol 34 No 12, 13 Dec 79 p 3

[Article by Heinz Buch and Dr Hans Tarnick, Legal Department, Secretariat, GDR Council of Ministers: "More Responsibility for the Combines"]

[Text] The increased economic responsibility of the combines for the formation of a largely self-contained production process places new demands on management and planning and on their rational organization in the combine. How to meet these demands in general is stipulated in the recently issued decree, dated 8 November 1979, on state combines, combine enterprises and state enterprises (GESETZBLATT DER DDR, Part I, No 38, p 355). It determines the position of the combine, lays down its economic responsibility and regulates the legal relations with the combine enterprises and administrative organization in the combine. It prescribes its rights and duties in regard to important tasks such as planning, balancing, science and technology, capital goods management, rationalism, material management, socialist economic integration and foreign trade. The individual stipulations are thereby so formulated that they on the one hand decree obligatory requirements applicable to all different management forms and structures which have developed according to the specifics of the individual combines.

Modern Form of Management and Organization

The combine as a basic economic unit for material production in our economy is the modern form of management and organization. It consists of combine enterprises or enterprise parts. The combine is first of all responsible for the demand-oriented production of finished goods as determined in the state plans according to quantity, quality and value, and thereby for the continuous provisioning of the population and the economy. In this connection, special attention is focused on the development of new products of the highest scientific-technological level and their rapid transference into production. In particular, the combine must increase further the share of peak performances of high scientific-technological level in regard to functional product safety and form. At the same time, it must continuously lower costs. The combine is supposed to organize its reproduction process in the most rational manner with the application of modern technologies, expand production constantly through investments for increased efficiency

with decreasing construction expenditures and improve continuously the workers' working and living conditions. It is also responsible for the effective organization of its marketing activities, especially of exports, including customer service. Finally, the combine must carry out the tasks assigned to it for the strengthening of national defense.

Manifold Rights for the General Director

The state property entrusted to the combine and its material stocks and financial funds are to be so utilized as to achieve the highest possible economic benefit. To this end, the decree bestows the necessary powers on the combine.

The combine's general director is personally responsible to the party of the working class and the government of the GDR for the combine's activity. He manages according to the single-management principle, with collective consultation on fundamental problems and comprehensive worker participation. The general director is directly subordinate to the minister, is appointed and discharged by him and is accountable to him. The general director receives directives only from the minister. The unlimited exercise of responsibility by the general director includes of course--according to the principles of democratic centralism--close cooperation with the enterprise party organization, the competent labor union organs and other social organizations as well as inclusion of the creative initiative of the combine's employees in management and planning. An important task of the general director is that of qualifying all managers to handle specific managerial tasks on their own. The general director is responsible for the systematic selection, distribution, qualification and education of the cadres, including the development of cadre reserves.

The general director's rights regarding further specialization, concentration and cooperation within the combine have been expanded. He may change functions and tasks of combine enterprises, transfer them to other combine enterprises and shift production among combine enterprises. He may form enterprise sections, isolate them or incorporate them into other combine enterprises. Such a planned alteration of the division of labor serves to create a largely self-contained, highly efficient reproduction process. The general director decides on the necessary transfer of investment capital components and assures the supply of needed goods and services for the combine and its enterprises according to assortment, quality and schedule. He determines to what extent capital is to be formed in the combine enterprises and how much of their profits the combine enterprises are to turn over to the combine. All measures for the development of an effective combine are to be determined in relation to the plans.

The combine works according to the binding conditions of the economic plans and according to economic accounting methods. The decree reserves high priority for continuous, long-range planning work in the combine. It is not only necessary for the internal uniformity of the reproduction process, but at the same time it also supplies essential starting points for the systematic incorporation of the combine into overall economic development.

The general director is responsible for the planning of the combine's internal reproduction process and issues instructions to the combine enterprises as to the preparation, implementation and monitoring of the plans. He has to assure the effective circular flow and turnover of the material stocks and financial funds in the combine and assure that the productive funds are used effectively. He directs the attention of the collective toward the systematic reduction of production consumption and expenditure of social labor time on the scale of the entire combine, and toward the utilization of financial means exclusively for the realization of planned performance and effectiveness goals.

Independent Combine Enterprises

Within the framework of their integration into the entire combine, the combine enterprises are economically and legally independent. This enables them to carry out in their own name all legal transactions necessary for their tasks, to enter into contracts and assume liability for them and to establish legal relations with others. The combine enterprises have at their disposal the material stocks and financial funds required for the fulfillment of their tasks. The combine enterprise's director is responsible to the combine's general director for their most effective utilization, circular flow and turnover.

Those industrial and construction combines which are subordinated directly to the ministries work consistently in the two-tier system of economic management. They simultaneously perform state functions of economic management; for instance, balancing, standardization and price coordination, among others. Since these functions are to be realized directly in the public interest, decisions connected therewith must always be based on economic considerations, even if in individual cases the interests of the combine have to be pushed into the background.

The decree also contains detailed regulations on the combine's management structure. The directors of the combine enterprises are subordinate to the general director; he alone has the right to issue them directives. The general director includes the directors of the combine enterprises in the preparation of important decisions and in combine management. Through their activities, the combine enterprises must contribute to the further strengthening and development of the combine. The objective is to further promote uniform combine thinking in enterprise directors and their management collectives.

Stipulations concerning the composition and tasks of collective advisory organs are to be included in the statute, which is to be approved by the minister. Depending upon the combine's size and specifics and the number of combine enterprises, a decision is also to be made on which directors of combine enterprises are members of the board of directors or otherwise designated organizational forms of collective consultation.

Role of Technical Directors

Technical directors play an important role in combine management. By means of clear stipulations on the responsibility and powers of technical directors, the decree gives due consideration to the practical experiences of progressive combines. These directors are subordinate to the general director and are in charge of a specialized sector, thus in this respect they have responsibility for a specific process. They have to prepare the decisions of the general director in their technical field, put them into practice and monitor their realization. The technical directors provide guidance for the corresponding special areas of the combine enterprises. Since the responsibility for technical area naturally also requires that the technical director be given the necessary powers in the combine's management system, the decree provides that rights to issue directives may be transferred to him by the general director.

In the combines' economic and management organization, two forms have developed which are enumerated in Art 26 of the decree: management via the main enterprise and management via an independent combine administration. As a rule, the combine is managed via a main enterprise, which is to say that the general director is also director of the main enterprise. Via the management system of the main enterprise, he simultaneously manages the reproduction process in the combine. Where a combine's reproduction conditions are such that an independent combine management is more expedient, it may be formed by decision of the minister.

In combines in which the capacities of several branches have been consolidated, or whose combine enterprises are territorially widely dispersed, management via control enterprises has evolved in recent times. The decree takes this into consideration by empowering the general director to charge combine enterprises (control enterprises) with the responsibility for the combine's management tasks for several combine enterprises (control sectors). The director of the control enterprise is to be given appropriate rights of guidance, monitoring and issuance of directing. But the establishment of control sectors does not change anything in regard to the principle of direct subordination of the directors of combine enterprises under the general director. No additional management level in the combine must develop from this.

9011
CSO: 2300

WASTE, INEFFICIENCY IN ENERGY USE CRITICIZED

East Berlin NEUES DEUTSCHLAND in German 23 Jan 80 p 3

[Article by Herbert Naumann, deputy chief editor, NEUES DEUTSCHLAND: "On the New Standards of the 1980 Plan, Energy Conservation and Waste--A Check by the Worker and Peasant Inspectorate (ABI) Indicates: There Are Many Reserves; Where Objective Demands Are the Basis, Ways Are Found for Efficient and Economic Use of Energy; Thoughtless, Wasteful Management No Longer Does the Trick"]

[Text] During the peak load periods of the 1979-1980 winter half year, electric power consumption can be reduced by 183,000 kilowatts, i.e. 1.2 percent of the GDR's entire power consumption. Over and above this, it is possible to make energy savings amounting to approximately 212 million kilowatt-hours of electric energy, 400,000 metric tons of solid fuels, 80 million cubic meters of city and natural gas, 20,000 metric tons of heating oil, 10,000 metric tons of diesel fuel, 5,000 metric tons of carburetor fuel and 910.6 terajoules (217.5 teracalories) of heat energy. Altogether, these quantities of energy carries correspond to the equivalent of almost 1 million metric tons of rough brown coal.

The Causes of a Good Result

This is the result of a large-scale check by the Worker and Peasant Inspectorate (ABI). In the last few months of the past year, more than 190,000 honorary assistants--the working people themselves--verified the manner in which the resolution of the Council of Ministers on the efficient and economic use of electric energy, heat, and heating and engine fuels was being carried out in factories, cities and communities. Thereby, the results achieved up to now were measured critically against the objective requirements of the 1980's and many proposals for energy conservation were carried out.

All in all the result was good. It shows once again: When a necessary and useful resolution is closely connected with the development of a large-scale initiative, large reserves can be opened up. And, in turn, the evidence that such reserves exist confirms the actual existence of the tasks which

we have set ourselves in the 1980 plan. They are not easy, but they can be solved if we go to work on the matter with the right attitude everywhere, and the experience of the best; in our case, for example, the "factories working exemplarily in an energy-economizing manner" becomes the norm.

The New Situation Forces New Considerations

This is probably the most important observation of this ABI check: as far as the efficient and economic use of energy in the sense of the Council of Ministers' resolution is concerned, we are only at the beginning. To be sure, the savings achieved since the Council of Ministers' resolution are as a whole even greater than the ABI figures cited at first. This is because there are many initiatives for opening up reserves where, above all, new insights from science and technology are used. However, close by--often in the same factory--there is actual waste of energy; while such waste was bad in the past, today we really can no longer afford it. In spite of everything, the ABI uncovered and corrected offenses against the Council of Ministers' resolution in a third of the factories checked. Why did such a differentiated development occur? The ABI check gives interesting, generally valid answers:

In the first place, successes in this area depend on the correct ideological attitude. In factories working in an exemplary energy-economizing manner, the simple and always valid truth has been understood that economy is a basic principle of socialistic management. Beyond this, the working people there start above all--and this is decisive--from the new situation, once again clearly delineated at the 11th Session of the SEC Central Committee, which arose from the price explosion in raw materials and fuels on the world market and which, because of our raw materials situation and our strong dependence on foreign markets, hits us especially hard. Let us think only of the fact that the share of machinery and equipment alone in our exports, which we need to pay for crude oil imports, has more than tripled since 1970 and that the mining of our own brown coal has become more costly because of geological conditions.

More With Less Expense

The new situation--according to the slogan in these factories--forces us all to think through some questions anew. No one will give us answers, solutions and alternatives for mastering this challenge. Thus, what we have achieved so far--and it is not inconsiderable, because, after all, in the last few years alone we have reduced the specific consumption of energy used (fuels, gas, heat, etc.) by an average of 4.7 percent and of electric energy by 3.2 percent annually--is no longer sufficient today. New standards apply now, and we must do them justice. With an attitude of this nature, economies were achieved in many places which no one considered possible up to now.

However, where this insight is lacking, where it is thought possible to manage as though everything were available, there people also become blind to further additional relationships. For example, in the relationship of

energy economy and planning. In the Magdeburg Beverage Combine, supervisors justified to the ABI the failure to carry out the Council of Ministers' resolution by saying that time was short, and that they had to concern themselves with the takeoff of the 1980 plan.

There the ABI asks, correctly: What sort of takeoff for a plan is this supposed to be? Does anyone think he can master the goals of the 1980 plan without perceptible energy savings? More consistently than any previous plan, the 1980 plan is based on the fact that increased production is to be achieved with a reduced increase in raw materials and energy. This requires a stricter economy regime, new ideas, and new technical solutions. Everything else is an illusion, just as that attitude is an illusion which the ABI encountered among the supervisors of the Rostock Construction Combine: Here, because for the period 1976-80 it had at one time been planned to achieve an increase in industrial goods production of 39 percent through increasing consumption of electric energy by 58 percent and of general-purpose energy by 42 percent, for 1980 also an inadmissible additional consumption of 600 megawatt-hours was planned.

One can imagine what would happen to our fuel balance if all factories had approached the 1980 plan with a similar attitude instead of finding new ways for energy conservation according to the slogan, "New technology--new norms." Here it required a directive from the district construction manager, instigated by the ABI, to prevent the unjustifiably high "planned" overconsumption, because plans which go on the assumption that we can manage our energy thoughtlessly, as though it were fully available, have lost touch with reality. Standards are set by combines such as Leuna, which achieved a 7.6 percent increased goods production with a 3.7 percent reduced(!) energy use.

Similar things are true for the relationship between energy economy and social policy. Here a worker in the ND [expansion not known] criticized the fact that heaters with a capacity which could supply the heating requirements of five single-family houses were being used in the uncompleted mezzanine of a Berlin high-rise building; heat was escaping to the outside through the openings for windows which had not yet been installed. These things have since been changed. However, also here the ideology is instructive. Those criticized said that all this had been done in the interest of tenants living above the mezzanine so that they would not have to wait for an apartment any longer and would be guaranteed a certain room temperature. Our policy directed toward the people's well-being justified the expense.

Relationship With Our Social Policy

In talking it over with them, the approach must be rejected that energy waste can be justified by our social policy. This is beginning at the wrong end. That finished apartments should be rapidly handed over--granted. That certain room temperatures should be guaranteed--granted as well. However, that all this should be done according to the slogan, "Regardless of

cost," with unjustifiably high energy waste instead of--admittedly not easy--looking for more economical solutions for the exact completion or at least for adequate caulking of the mezzanine--this contradicts the party and government resolutions.

These resolutions assume basically that the necessary material conditions will always be created for further accomplishing the main task. We can only consume what we produce (or cleverly save). For good reason we speak of the main task in its unity of economic and social policy. That is to say: The continuation of our social policy demands an increased growth of power. In this connection, this means reducing the specific energy consumption perceptibly so as to be able to increase production further. Any waste, on the other hand, can only reduce our social policy possibilities.

Plainly Said: Order, Discipline

Yet a further insight can be gained from the ABI check. The correct mental attitude toward the requirements and orders of magnitude of our time must--plainly and simply said--be accompanied by the required amount of order and discipline. To assure that this is so, is above all the duty of supervisors, who must check on this rigorously and must mete out rewards or punishments, either moral or material.

The ABI encountered a number of cases where energy conservation was discussed very reasonably in meetings and in general, but in practice energy was still being wasted and infractions were being committed against measures already quite clearly set. Thus, for instance, in the VEB Robotron Zella Mehlis, a 600-square-meter production room was fully lit during the night shift, although work was going on in only a part of the room, by only a few workers on shift. The same was true in the Schmalkalden Tool Combine.

In all these cases the ABI has conducted discussions with the supervisors and in the workers' collectives on the spot. Where removal of the deficiencies was not taken in hand with the appropriate seriousness, or where particularly serious infractions of the Council of Ministers' resolution were found, they have made use of their rights and have assigned penalties for the reconstitution of legality or have demanded from the responsible supervisors the initiation of punitive measures for discipline and order. The ABI will continue their checks.

5586
CSO: 2300

YOUTH JOURNAL CITES NEED FOR MORE DOMESTIC FEED

Warsaw WALKA MLODYCH in Polish No 5, 3 Feb 80 p 15

[Article by Jan Wojcik: "The Recipe in the Trough"]

[Text] Poland has more than 13 million head of cattle, and more than 21 million hogs. This unquestionable achievement in stock raising loses a lot of its significance if we add that we are unable to produce an adequate quantity of feed in our meadows and fields to maintain this cattle and hog population. In the past 9-year period animal production has increased by about 37 percent, and production of crops, by barely 13 percent. Yet the base for the growth of animal production should be domestic feed, not imported feed.

All of this points to the fact that Poland has reached all the possible ceilings in the import of grain and high-protein feed: ceilings for foreign exchange expenditures, for shipping possibilities in ports, and for transport possibilities throughout Poland. Therefore, there has to be a change in this field--all our attention must be devoted to Poland's grain and feed plantations.

Polish agriculture has the possibilities for solving the feed problem in its own area. Domestic feed staffs have been established in all the voivodships and in many gminas. They are supposed to take care of the development of feed and grain production in their locality, correctly divide up the pool received from the state, and control its use. Since the main source of Poland's meat supply is--and long will remain--hog breeding, we cannot neglect the growing needs of this squealing livestock.

This year directive indexes of expansion of grain cultivation have been defined for the first time for particular voivodships. On the surface the indexes have the function of appropriating the land used for other cultivated root crops, of which Poland has not quite 19 million hectares. Thus, this is an extensive way of developing production. But the farmer who thinks that sowing the area he was told to sow can free him of care and endeavors to achieve the highest possible grain yield is a sorry organizer. Each index has to be adapted to the given soil conditions and sowing structure, and possibilities have to be sought for better use of production capabilities and of the land, of the existing base and of human capacities.

Leonard Gadzi-owski, manager of a 40,000 hectare farm in the Bartoszyka enterprise group and a delegate to the 8th PZPR Congress, says: "In the matter of land utilization we should struggle for efficient use of agricultural land resources in all districts, and not to plough a couple hectares of primarily bad soil on farms in a state of decay. The managers of agricultural enterprises should receive greater freedom in decision-making in order to be able to better adapt the structure of production to soil conditions. For example, I should sow 11,000 hectares of corn and 3,500 hectares of beans, for the climate and soil depths here are ideal for the "Polish soybean," and I have made considerable outlays towards this production--I have a special drying loft, and people have been taught how to cultivate this vegetable, the one richest in protein. But nothing will come of this, since I have received from Warsaw the task of having to sow at least 13,100 hectares of grains, thus there will only be 1,500 hectares of beans."

A person with a similar opinion is Tadeusz Szacilo, director of the Skandaw State Farms in the Ketrzyn Industrial-Agricultural Association. He has to sow several hundred hectares more with corn, although there are no sites suitable for cereals. In the sowing structure of this farm, the grain area already reaches 60 percent, a factor connected with the enormous phytohygienic and also climate risks. Indeed, cereal production should be developed, but not by increasing the sowing area but rather by intensifying fertilization, through land preservation, and by introducing new high-yield changes. Besides this, on farms with large cattle populations the problem is connected with a diminishing feed base, and this can threaten the elimination of cattle, about whose existence the authorities establishing the indexes have been so concerned. Therefore, for the 8.2 million hectare area which is to be planted with cereals this year, we should look alternatively at which crop could satisfy more of the food needs of farm animals.

It has been agreed that the Olsztyn voivodship will be considered the basin of beef and milk production. At the same time, because of the short growing season--2 weeks shorter on the average than in the rest of Poland--and the impossibility connected with this of taking advantage of an additional second feed crop for each plant cultivated, one fifth of a hectare more has to be designated for sowing here than in the Opole voivodship, for example. On the other hand, wheat, rapeseed, peas, beans, and other high-protein crops grow splendidly here. And precisely for that reason, in my opinion, we should seek alternatives to the directive indexes.

A permanent deficit has prevailed for a long time in the fertilizer balance, which determines feed production and we certainly will not achieve the planned index for 1980--250 kg NPK per hectare. But one can wonder, in the context of the growth of cereal production, how we run farms with a stock of fertilizers that has been a meager one for years now. Practice shows that grains and meadows are overlooked in the payment of bonuses with fertilizers for them. Industrial root crops receive the most fertilizer: rapeseed, sugar beets, seed and vegetable plantations. Hence,

the task before the agrotechnical service is to convince farmers to fertilize particular vegetables in the well conceived interest of each farm and, all the more, of the whole society. Every organic fertilizer, from cow dung to green manure, should be used.

A second important element of the growth of cereal production and the increase in efficiency is the appropriate liming of the soil. Agriculture uses approximately 7 million tons of lime fertilizer annually, at an acutely felt deficit. This is cheap fertilizer, mainly refuse, but in the correct application it gives results in the form of 4-10 quintals of cereals per hectare, with only 1 ton of lime sown. Could there be more of this fertilizer in our fields and meadows? Of course there could, if the program for managing airborne ashes from the burning of brown coal from coal mines of the Belchatowa or Konin basins would consider not storing these ashes in piles but using them for agricultural purposes. This is all the more important, since the strong acidification of the soil caused by the acute lack of lime fertilizers is among the most essential factors limiting progress in increasing root crop yields. The effectiveness of the action of mineral fertilizers is at least 30 percent lower in acid soils. Large fertilizer applications to acid soils in recent years cover barely about 60 percent of needs. One of the reasons for this is the chronic shortage of railroad cars for transporting the lime. It would probably be necessary to consider whether lime transports should not receive priority, since sooner or later life will force us to do this.

A second reason for unpopularity is the unfavorable physical characteristics of the industrial refuse used as lime-magnesium fertilizers, which constitute about 40 percent of all deliveries of lime for agriculture. They have the excessive dampness of bad refuse, and they also contain too much of some compounds harmful for living organisms.

Of course, exploiting the possibilities for the growth of grain production is one of the chances to fill up the troughs. The second is the rational management of feed, especially its skillful use. The fact that socialized agriculture squanders feed excessively is a universal "secret." Feeding "by eye," failure to use reserves of substitute feed, improper technology are the most frequent sins on frugality's conscience. Therefore, since the beginning of 1980 a bonus has been established for frugal feed use which aims to improve concentrated feed management. Beginning on 1 January 1980 a monetary equivalent was introduced for feed not picked up by the farmer and for uncollected beef and milk to which his contract entitles him. This is a step in the direction of a more rational policy, for a farmer will take a close look around his own farm in his search for feed reserves. The additional payment for each head of livestock to be fattened will be 600 zlotys as the equivalent of 200 kg of unused feed. As studies show, to date some farmers have stopped buying up the 200 kg of feed to which they are entitled. In 1978 they picked up an average of 181 kg for every hog or cow to be fattened that had been contracted for and set aside. The Tarnobrzeg and Zamosc voivodships have not even exceeded 100 kg. Those farmers who stored up the cheapest feed or their own

feed benefitted the most from this decision. Let us add that if a farmer raises 20 or 50 livestock to be fattened and does not use his feed allotment, his profit is correspondingly greater.

An order was issued also on the matter of the payment of bonuses for frugal use of concentrated feed in state enterprises. So long as everything is clear concerning individual farmers and those who manage to economize profit the most, to that extent the greatest financial benefits in the state enterprises will be raked in by those who have squandered feed extravagantly up to now, in accordance with the saying "It's an ill wind that blows nobody good."

Now, that enterprise which really decreases its feed use receives a bonus to share among the workers directly responsible for animal production. The size of this bonus amounts to 50 percent of the price of the feed that has been saved, assuming 5,600 zlotys per ton. Or, those who have regulated their use of feed in a reasonable way to date, who have used it sparingly, and who have implemented the slogan "The cheapest feed is your own feed"--these farmers get the smallest bonuses, for a rational feed use index does not lend itself to being decreased considerably. It seems to me that it would be necessary to base the bonus for thriftiness not on the average quantity of feed used on farms of particular associations but on the index established for a given breed and technology by the experimental establishments existing in each large voivodship. The fact that some farmers, in the pursuit of "thriftiness," will start to starve their animals, excessively prolonging the period for fattening them, is another matter. Of course, management in itself is legitimate, but we probably are not very keen about this criterion of frugality.

Recently, a grain of cereal has been called a strategic raw material. Strategic raw materials ought to be--and rightly so--under strict control with regard to the advisability of their use and the reasonableness and effectiveness of their use. The discussion on guidelines occurring recently at the 8th PZPR Congress capitalized very well on the social thinking on this subject. Today this is one of the most difficult problems facing Poland's economy and policy. The farmer is confronted by the perpetual question--how he can produce more, and more cheaply.

But responses to this question, which is a fundamental one for the future, should not be anticipated solely from farmers. They should also be exacted from the agricultural machinery industry, the chemical industry, the food industry, the transport industry, industries supplying the countryside with means of production, from science and agricultural schools, and from other agencies dealing with social and everyday and cultural issues in the countryside. The elimination of tensions in the production of food is not a function of agriculture itself. The rate of improving the feeding of the nation will depend on how effectively all divisions of the national economy are interposed into the food industry complex.

8729
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INDUSTRIAL DEVELOPMENT TO INCORPORATE ENERGY CONSERVATION

Bucharest REVISTA ECONOMICA in Romanian No 47, 24 Nov 79 pp 11-13

[Article by Eng Nicolae Liciu, State Planning Committee: "An Energy Policy in Accord with the Requirements for Economic Progress"]

[Text] The program directive for research and development in the field of energy for the period 1981-1990 and principal orientations up to the year 2000--a document of exceptional importance for the economic and social progress of the nation--seeks to create all the conditions needed for the dynamism of Romania's development and its flourishing toward new peaks of civilization and progress to be assured by the availability of the necessary energy. The goals intended are strong development of our own energy base and wiser utilization of all fuel and energy resources. Beginning with the necessity that in the next decade our country will become independent from the standpoint of fuel and energy, the program directive characterizes the fundamental lines of Romania's energy policy, taking into consideration the present and long-term objectives of development of the national economy and the limited potential of the geological reserves available to Romania in the context of the increasingly greater difficulties encountered in acquiring energy carriers on the world market.

The program directive in the field of energy was prepared within this framework of national and international realities. In the spirit of the consistency which characterizes our energy policy, as well as the entire economic policy of the nation, the basic goals are established in the document mentioned for geological research, the discovery and utilization of new energy resources, the development and improvement of the national electric power system, the management of the entire energy potential with maximum effectiveness, the rationalization and continued reduction of energy consumption, and realization of a substantial increase in the economic values obtained per unit of energy consumed.

Strict Actions for Conserving Energy--Actions Which on the World Level Are of a Pioneering Nature

The establishment of the program directive was one of a number of measures initiated during the last decade in our country intended to ensure rational

development of the energy base, in strict accordance with the requirements of the economy, concommitant with establishment of a strict system for conserving fuels and energy in all sectors of activity. I should quite properly mention that as early as 1973 the State Council issued a decree concerning measures for development of the energy base and wiser use of energy and fuel. This decree later became Law No 140, thus initiating an important action relative to energy policy, an action which on the world level was of a pioneering nature and designed to create a favorable framework for assuring an energy potential that was capable of garanteeing well into the future the development of the entire national economy at high rates.

With a view toward realizing this objective, as a way of major importance, emphasis was given to the necessity of continued improvements in the structure of the economy, with consideration of the energy criterion occupying first place among the economic policy principles and considerations at the base of the strategy for development of the nation's economy. "The criterion of fuel conservation," said comrade Nicolae Ceausescu at the joint plenary of the Central Committee of the RCP and the Supreme Council for Socioeconomic Development on 28 October 1973, "will have to govern the general concept for long-term development of our national economy and the basic principles on which we act in profiling the production of material goods in accordance with the realities and requirements of our era." Within this framework, special attention has been given and is given on a continuing basis to modernization and improvement of the structure of industry, which is the greatest proportionate user--more than 80 percent--of primary energy in the nation. "In the process of achieving permanent improvements in the structures of the industrial branches and sub-branches," comrade Nicolae Ceausescu pointed out on the same occasion, "it is obvious that in the future we will have to give priority to the development of industries with low energy consumptions and high value products, industries which incorporate complex work and superior technical skills, and reduce on a continuing basis the production which incorporates a high consumption of raw materials and energy, low value products, and obsolete technologies which cause high consumptions of fuel and energy." These policy guidelines, set against the background six years later of the disturbances which have generated what is generally called the world petroleum crisis, have still retained their complete validity even today, thus demonstrating once again the exceptional clairvoyance and the scientific character of the evaluations which were used as a basis for our energy policy.

Powerful Development of the Energy Base

As is pointed out in the program directive, in the future the development of the energy base will emphasize the increased construction of hydro-electric power plants, the use of solid fuels, the transition to realization of the program for construction of nuclear power plants, and the use of new forms of energy, substantially diminishing the consumption of hydrocarbons. These policy guidelines are reflected in provisions calling for development of energy production in a structure designed to make full use of all the primary energy resources we have. It is planned to intensify the construction of

hydroelectric power plants on the Danube and the interior rivers, as well as the construction of microhydroelectric power plants, increasing the utilization of the national hydroelectric power potential from 30 percent in 1980 to 45 percent in 1985, 65 percent in 1990, and 100 percent in 2000.

Correlated with the rapid increase in the production of lignite, which will reach 75 million tons in 1985, and the extraction of combustible schists, the use of these fuels will be expanded both through the construction of new power plants and a changeover to solid fuels in power plants which presently operate using hydrocarbons. In order to satisfy the needs of the iron and steel industry under better conditions, efforts will be made to develop the production of mineral coal for coke and semicoke, which in 1985 will increase more than twofold compared to 1978. The implementation of the program for construction of nuclear electric plants calls for the installation of 660 megawatts of power in 1985, 3,960 megawatts in 1990, and about 10,000 megawatts in 2000, all the while assimilating--and to an increasingly more important extent on the basis of our own designs--the fabrication of equipments, the preparation of the fuel, and the production of heavy water.

The program directive gives particular attention to utilization of new energy sources and technologies, the development of solutions for utilization of energy from geothermal waters, the capturing and use of energy from the sun and the wind, the transformation by biological means of organic waste and biomasses into fuels, the establishment of optimum technologies for underground gasification of coals and for recovery of energy with the aid of heat pumps, etc. In order to maintain an appropriate level of geological reserves, the extraction of crude oil and gas will be limited, but with an appreciable increase in the final factor of crude oil recovery from the deposits. All these directions of actions are also reflected in the provisions concerning the production of electric power, which is to increase to 88-90 billion kilowatt hours in 1985 and to 105-110 billion kilowatt hours in 1990, within a structure suitable to the available primary energy resources (see Table No 1).

Improvement of the Primary Energy Balance

In comparing Romania with the developed countries, an analysis shows the effect which the structure of the branches of the national economy has on total energy consumption and the very high proportion in this consumption represented by industry in our country, as well as the relatively low proportion of the transportation and telecommunications branches, and the household, commercial and services sector (see Table 2). This structure reflects the relatively high proportion for our country of passenger and freight transportation by rail, public transportation in the urban areas, the relatively low development of services, an energy consumption in homes that is lower considerably than in the developed countries, as well as a less efficient utilization of energy in industry. It should be expected, however, that the trends which are being manifested on the international level and the policies for wiser use of energy resources in Romania and improvement of economic structures in accordance with the transition from the stage of a developing nation to a nation with average development, in the context of an accentuated growth in the standard of living of the population, will lead to the structure of energy consumption in this country coming closer to that in the industrially developed nations.

Table 1. Evolution of the Structure of Electric Power Production
(in Percent)

	1980	1985	1990
Production of electric power, of which:	100.0	100.0	100.0
- hydroelectric	17.6	20	24
- nuclear electric	-	-	17-18
- by combustible schists and coal	40.0	55	44
- by hydrocarbons	39.7	20	5-4
- by solar energy, other new energy sources, and recovered energy resources	2.7	55	10

Table 2. Structure of Energy Consumption
(in Percent)

Country or Groups of Countries	Industry, including agriculture	Transportation and telecommunications	Household, commercial and service sector
Romania	83.4	4.7	11.9
USA	51.5	24.4	24.1
Canada	47.1	22.1	30.8
EEC	55.4	17.5	27.1
OCDE [expansion unknown]	54.6	18.3	27.1
Japan	69.8	15.9	14.2
Australia	61.3	26.3	12.5
New Zealand	50.0	31.1	18.9

Source: United Nations, World Energy Supplies

Analaysis of the evolution of primary energy consumption in our country (Table No 3) shows significant modifications in the proportions of the principal categories of consumers in the total consumption as a result of the wiser management of energy resources and increased efficiency in their utilization achieved through the measures adopted. The principal changes which have taken place in the structure of primary energy consumption in our country were intended to achieve the following: an accentuation in the proportion of energy resources utilized in the form of raw materials in total energy consumption (from 8.8 percent in 1970 to 17.9 percent in 1980); rationalization of energy consumption in transportation and agriculture and consumption by the public. This has led to a reduction in this proportion in total energy consumption. As can be seen in the program directive for research and development in the field of energy for the period 1981-1990, the trends mentioned above are also being maintained in general terms in the next Five-Year Plan, thus, providing continued improvement in the proportions within the framework of the total consumption of primary energy. Additionally, in the future

sectors such as foreign trade, tourism, financial-banking activity and others with low levels of energy consumption will have to increase their contribution to creation of the national income.

Table No 3. Evolution of the Structure of Domestic Consumption of Primary Energy

Destination of the Primary Energy resources by principal categories of consumers	1970	1975	1980
Raw Material	8.8	14.0	17.9
Production of hydroelectric power	1.7	3.4	4.0
Production of thermoelectric power	23.3	24.5	24.1
Industrial consumptions (combustion plus technology)	44.6	40.7	38.5
Transportation	6.1	4.3	3.9
Agriculture	3.7	3.4	2.9
Public market fund	11.0	9.0	8.1
Other consumptions	0.8	0.7	0.6
Total	100.0	100.0	100.0

Source: Statistical and planning data

The Energy Criterion -- The Fundamental Criterion for Improvement of Industrial Structures

A definitive characteristic of the new stage into which our country is entering is the continued development at a sustained rate of industry and the assurance of modern and highly efficient industrial structures established by means of a more accentuated growth of higher processing branches, realization of products of a high technical level, and the limiting to the absolute minimum of products which are extensive consumers of raw materials and energy. Within this framework, it is planned to have a certain restructuring of the development of industry, with a stronger emphasis being placed on those industrial branches which consume less energy and fuel. For instance, since for a unit of energy consumed in the machine building industry a production is achieved which is 11 times greater than in metallurgy and about 9 times greater than in the construction materials industry, it is planned to have the machine building industry develop at an average annual rate of 10.7-11.7 percent, the ferrous metallurgy industry at an average annual rate of 7.5-8 percent, and the construction materials industry at an everage annual rate of 5 percent. In light of their low energy consumption, during the next Five-Year Plan period special attention will be given to expansion of small industry and handicrafts, the production of whlich is scheduled to increase at least two-fold.

Among the branches of industry, the more significant increases have been projected for the sub-branches, products, and groups of products with relatively

low energy resources consumptions. For example, while production in the machine building industry will increase during the next Five-Year Plan period by 1.6-1.7 times, the electronics industry will increase by 2.3-3 times, the production of mining and petroleum equipment by more than 2 times, and the fabrication of metal-cutting machine tools by 2-2.2 times. In the chemical industry, production increases beyond the development average for the branch are scheduled for drugs for human use (2-2.2 times), organic dyes and pigments (1.6-1.8 times), lacquers and paints (1.5-1.7 times), cosmetic articles and perfumes (2.4-2.8 times), viscous silk thread (2.4-2.6 times), compared with other products with relatively high energy consumptions, such as, for example, chemical fertilizers and carbon black, for which production increases below the average for the branch have been planned.

As can be seen from the program directive mentioned, also noteworthy are the favorable structural changes planned within the framework of some groups of energy-intensive products -- such as laminated steel products, chemical fertilizers, aluminum products, plastics, etc. In addition to relatively modest production increases for these plan items, it is also planned to have substantial increases for the assortments with high economic effectiveness. Special attention will also have to be given to the structure of exports in the sense that there will have to be a limiting of exports for products which are high energy consumers and a replacement of such products by others which have a similar economic value and require lower energy consumptions. The export of energy through products in which energy is incorporated will continue to be the object of analyses of a complex economic nature which are designed to determine the economic opportuneness of realizing such exports and the economic advantages that would accrue in each case. It must be kept in mind that some products are produced with high specific consumptions of energy (electrolytic aluminum uses 4.7 tons of conventional fuel per ton of product, hothouse vegetables use 7.1 tons of conventional fuel per ton of product, synthetic thread uses 3.69 tons of conventional fuel per ton of product, cellulose and semicellulose use 1.11 tons of conventional fuel per ton of product, etc.), and consequently the export of energy involved in the export of these products is quite high.

Increased Contribution of New, Modernized Technologies to Production Growth

In continuing the major efforts planned to improve the fabrication technologies during this Five-Year Plan period, the program directive sets milestones for obtaining new successes in increasing the technical level of production in our country, causing it to be closer to the technical level realized in the industrially developed countries. The important objectives set for all workers in respect to technical progress will also assure from this point of view optimum conditions for creation of modern structures of increased energy efficiency in all industrial branches, thus acting as a fundamental factor in assuring a changeover to a new quality in the economy.

Within this framework, I shall mention several of the principal changes of a structural nature which will be implemented in our industry during the next

Five-Year Plan period as a result of the introduction of new and modernized technologies with lower energy consumptions. For example, in the iron and steel industry the production of steel produced in oxygen converters will increase by approximately 60 percent in 1985 and there will be a production increase in continuous casting, a type of casting in which the energy consumption is less than in discontinuous casting--80 percent less for fuel and 65 percent less for electric power; the proportion of the dry procedure use in the production of cement will increase to about 95 percent in 1985 (about 72 percent this year), taking into consideration that in the fabrication of cement in modern lines of 3,000 tons per hour capacity the consumption of fuel is, in the case of the dry procedure, 25 percent less than in the wet procedure. At the same time, it should be noted that improvements in the structure of production of masonry materials through decreasing the proportions of energy-intensive assortments and increasing the use of local and secondary materials have made it possible for the production of masonry materials in 1985 to be accomplished with 17 percent less energy than in 1978.

Determination of the energy-intensive character of the production of a branch or sub-branch implies continuous improvement of the means of economic investigation, since the actual indicators such as, for example, the proportion of expenditures for fuel and energy in the effective cost of commodity production realized, does not fully reflect the effort which the national economy makes to provide the energy used by the branch or sub-branch involved, the importance of conserving energy in the fabrication processes, or the effort which must exist to improve the production and export structures. Of major importance in determining the energy intensiveness of the branches and sub-branches and the products and groups of products is the work of the Central Institute of Economic Research in relation to the cumulative consumption of energy resources in obtaining a certain product, a consumption which takes into consideration both the energy utilized in the last phase of the production process and the expenditures made in the related branches and those located downstream (see also "Energy Consumption and the Structure of Production" [Consumul energetic si structura productiei], edited by Dr Aurel Iancu, Publishing House of the Academy of the RSR, 1979). However, it is necessary to improve the methodology developed and to continue experiments at the industrial central and design and research institute level so as to transform this method into an operational instrument designed--together with other modern methods for energy conservation analysis--to be used in justifying decisions for improving economic structures and assuring maximum efficiency for each unit of energy consumed in our country, just as pointed cut in the program directive for research and development in the field of energy.

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GEOLOGICAL RESEARCH TO HAVE EXPANDED ROLE IN ENERGY HUNT

Bucharest REVISTA ECONOMICA in Romanian No 46, 30 Nov 79 pp 11-13

[Article by Petru Cojean, deputy director general, and Dogu Dragne, minister, Ministry of Mines, Petroleum, and Geology]

[Text] In order to achieve the accelerated development of the entire national economy, the documents of the 12th Congress of the RCP assign particular importance to expanding our own basis of raw and energy materials, increasing the degree to which the needs of the national economy are met from domestic resources, and intensifying the discovery and exploitation of new reserves of mineral fuels -- hydrocarbons, coal, combustible shale -- geothermal resources, ferrous and non-ferrous ores, rare and scattered materials, non-metallic substances -- sulfur, kaolin, dolomite, potassium salts, and so on -- as well as of useful rocks. As Nicolae Ceausescu pointed out in his report to the Congress, "we will have to intensify the research and discovery of useful mineral substances -- including poor ores -- throughout the country's territory, by expanding modern techniques of prospecting and exploration. A production of 72-75 million tons of lignite is forecast for 1985, nearly four times that of 1975, and more than 13 times the production of 1965. The search for oil and gases, very deep drilling, and drilling on the Black Sea continental shelf will be expanded."

In achieving these objectives, greater efforts will be made to raise geologic research activities to a new qualitative level, through the use of modern methods of complex investigation -- including remote detection, new types of high technology devices, as well as automatic data processing and analysis, so as to susbstantially increase the efficiency of prospecting operations. For this qualitative improvement, the funds allocated to geologic research activities during the 1981-1985 period are 1.5-1.6 times larger than those of the current five-year plan. Their highly efficient utilization must be reflected in a more intensive increase of the reserves of useful substances discovered and turned over for exploitation; the increase of exploitable reserves per 1000 lei of expended funds must be the fundamental criterion of the efficiency and quality of geologic projects.

Volume of financing funds for oil and gases geologic operations during the 1966-1965 period.

Period	Growth index with respect to 1961-1965	In series
1966-1970	125	125
1971-1975	139	142
1976-1980	165	148
1981-1985	259	157

Intensified Search in New or Less Explored Geologic Areas

During the building of socialism, Romanian geology contributed significantly to the development of the oil and gases industry by discovering and bringing into exploitation a large number of deposits, both in older productive zones, as well as -- and especially -- in new areas. By increasing the national reserves of oil and gases, extraction has reached very high levels, but not high enough to fully meet the needs of the national economy. That is why the geologic search for oil and gases is faced with a new set of circumstances which raise very complex problems. The basic requirement at this stage -- stressed in the Congress documents -- is to intensify the search into new or less explored areas; foremost in this category are depths beyond 3500 m on land, and the continental shelf of the Black Sea. Parallel with this are improvements in the design of methods used to investigate objectives with advanced exploration located down to 3500 m, aimed at discovering crude oil accumulations associated with other geologic conditions than those which could be interpreted by means of the methods used until now.

The fulfillment of these goals, different in their complexity from those of previous periods, requires amplified efforts to introduce and apply on a wide scale, modern techniques of prospecting and exploration, and leads specialized economic units to a vast mobilization of their own efforts to improve search activities.

During the 1979-1985 period, activities have been and will be conducted on the basis of a geologic research program which includes major objectives and steps for improving and modernizing the technical and material endowment, so as to match the increasingly difficult geologic conditions of new deposits. Consistent with these conditions, the program the next five-year plan assigns for oil and gases 1.5 times the funds that were allowed for the current five-year plan (see table).

The program provides that efforts should currently be concentrated in the following areas:

in geologic scientific research and design, to improve concepts and technonologies for invesigating and evaluating the oil and gases potential of less explored geologic formations, aimed at perfecting the foundations of prospecting and exploration; the ultimate goal being to increase the efficiency of projects by reducing unconfirmed hypotheses (such failures to confirm occur throughout the world in geologic activities, resulting mostly from the lack of precision or weak resolution of geophysical instruments or methods being used);

Scientific research has brought about some progress, reflected in improved prospecting, exploration, and drilling activities. Despite this, insufficient work has been done in some areas in comparison with the work being done elsewhere in the world. These are: very deep drilling, seabed drilling, preparation of well fluids, measurement and control devices, as well as field and well geophysical instruments. Fundamental research will have to approach and solve a number of major problems, such as the production of highly technical and sensitive field geophysical instruments, and the formulation of direct methods for displaying and delimiting oil and gas deposits;

Seismic prospecting searches will be increasingly oriented toward zones with complex geologic formations and rough profiles, as well as toward objectives located at great depths on land, and on the Black Sea continental shelf. Efforts will be made to perfect investigation techniques on land and computer data processing, with primary attention being devoted to increasing the resolving power of methods of investigation, and the amount of geologic information extracted from seismic recordings.

In order to extract the necessary data, the number of seismic prospections during the 1981-1985 five-year plan will double with respect to that of the 1976-1980 plan.

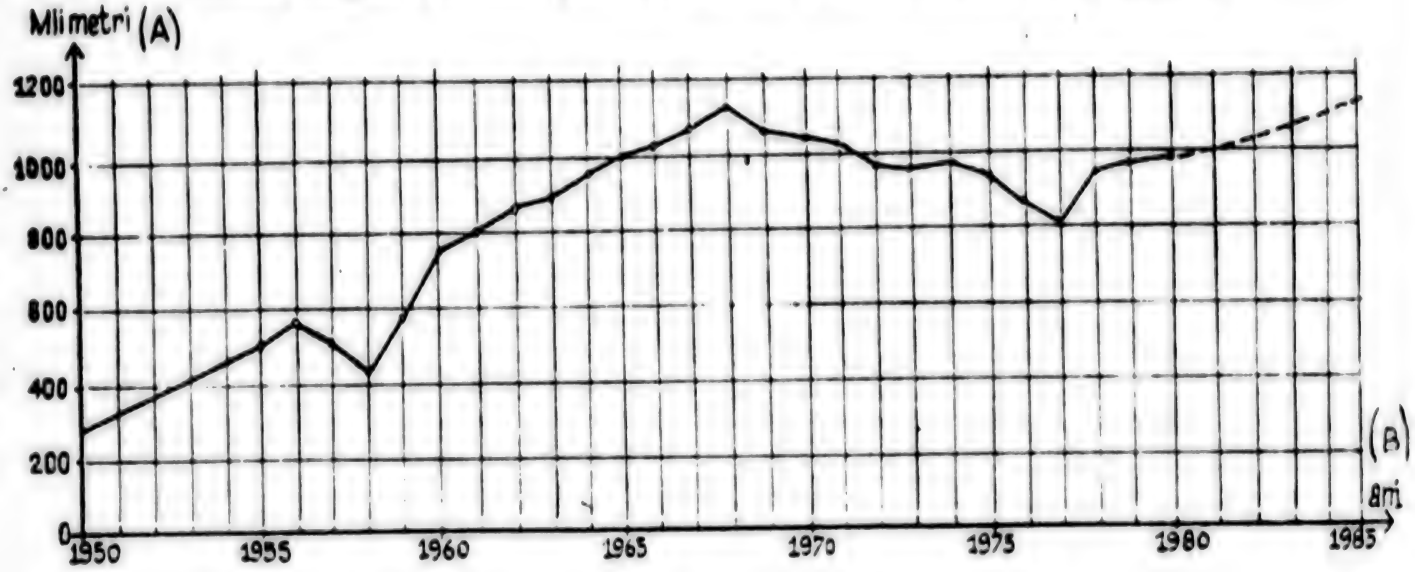
A vast mobilization of forces is being carried out in the drilling sector, so that geologic drilling can be conducted in all zones with possibilities of oil, on land and on the Black Sea continental shelf; its main objectives will be:

To use new concepts of search in old production zones, aimed at locating new objectives and areas associated with structural traps (new blocks extending from known ones), as well as, and especially, with lithostratigraphic or combined traps;

To intensify the search for formations located at great and very great depths;

To determine the oil and gas prospects of the Romanian continental shelf of the Black Sea.

Dinamica forajului de cercetare geologică pentru țiței și gaze în perioada anilor 1950—1985



Geologic search drilling for oil and gases during the 1950-1985 period.

Key: (A) Thousand meters
(B) Years

The geologic drilling foreseen for the 1981-1985 period is characterized by an approximately 230 percent increase in very deep work as compared to the 1976-1980 period. This includes the drilling of 7000-8000 m deep wells during the 1981-1985 period in order to verify the possibilities of hydrocarbon genesis, accumulation, and conservation at very great depths.

In the domain of geologic and geophysical investigations by means of test wells, actions have been initiated to: expand geophysical methods of complex investigation that lead to quantitative determinations of physico-geologic properties and fluid content of strata; formulate and apply complex geologic and geophysical investigation programs for wells, in order to identify all useful mineral substances associated with the encountered sedimentary formations; expand the use chromatographic gas sampling to define fractions that contain hydrocarbons; expand the use of strata probes during drilling, in order to hasten the determination of fluid contents in the encountered strata.

Increasing the Efficiency of Geologic Activitites

The indicator that reflects the efficiency of geologic search operations for oil and gases, is the specific investment expressed as a ratio between the volume of financing and the volume of reserve growth. Statistics show that both in Romania and throughout the world, specific investments tend to increase from stage to stage as a redult of the advanced knowledge and

exploitation of deposits in zones and depths that are readily accessible, and of the orientation of operations toward greater depths and more difficult working conditions.

Under the working conditions anticipated for the 1981-1985 five-year plan, the specific investment is expected to increase. Of course, this increase could be counterbalanced by the possibility that the new deposits which will be discovered will be larger and have characteristics superior to those of the deposits known up to now. The magnitude of the specific investment is influenced by a number of factors whose consideration could contribute to a more rational utilization of allocated funds.

Some of the objective factors which have negative influences on efficiency are:

The need to work at increasingly greater depths because promising zones at lesser depths are becoming restricted. Unit costs increase at a much more rapid rate than the rate of increase of working depths;

The dimensions and physical characteristics of deposits, as well as their uneven distribution in the ground, with consequent variations in the reserves discovered in wells and in the productivity of deposits;

An increase in the volume of search effort in isolated and poorly accessible zones, requiring costly organization and preparation of sites;

The need to intensify verification efforts in zones of anticipated finds, so as to provide foundations for future work, efforts which in general do not result in immediate reserve finds.

Some of the subjective factors which can and must be called into play to obtain greater efficiency in geologic activities, are: the quality of the technical and material endowment; the rapidity of work at wells; working techniques and quality of performed work; the organization of geologic project executions, the discipline, and the professional training of the work force; the quality and quantity of project foundations; and the duration of drilling operations and production sampling.

Given the needs that exist in this domain, measures have been taken and actions have been organized, to reduce unit costs for well drilling and to increase the speed of operations. Under these conditions and for the elements that can be quantitatively measured at present, the efforts that have been made amount to a reduction of 10 percent in additional costs throughout the 1979-1985 period.

In order to identify new avenues for cost reduction during the next period, studies have been conducted and are being intensively applied to improve the efficiency of geologic activities. As a function of depth, operating rates in 1985 are expected to be 35-70 percent higher than in 1979, as a result of improved organization, better qualification and specialization of personnel,

stronger technical assistance, and improved drilling technologies; the endowment of operations with equipment and tools equal to those used elsewhere in the world, could as much as double the drilling rate by 1985. For this purpose, the geologic research program stipulates the formulation of a program to improve the quality of instruments and tooling which will assure performances similar to those achieved in countries with developed petroleum industries. This program will be formulated by the Ministry of Mines, Petroleum, and Geology, in collaboration with the Ministry of the Machine building industry, the Ministry of the Metallurgical industry, and the Ministry of the Chemical industry. In addition, steps are being taken to establish a specialized unit for the design and construction of geophysical and geologic instruments, in order to reduce importation and produce a large volume of such equipment in Romania.

For the exemplary fulfillment of the major objectives that are facing our geologic activities, a vast mobilization of strength is being undertaken to increase the reserves of oil and gases, and to utilize with maximum efficiency the technico-material basis and work force of units in this sector of activity;. Added to these is an ever greater concern in the metallurgical industry to provide drilling poles of superior steels, as well as casings and extraction pipes of better and corrosion-proof quality. Concurrent with this, the machine building industry will fabricate high productivity instruments, installations, tools, and equipment, and in particular, shovels and pumps with long operating lifes, adaptable to high pressures, and resistant to high temperatures and corrosion. Together with these, the chemical industry must assure the products necessary to prepare and maintain special and high specific weight drilling fluids, while the construction materials industry will provide well cements appropriate for high pressures and temperatures, both for very deep and for thermal process wells.

Using all these avenues, the geologic and the oil and gases extraction activities are increasing their efforts to substantially contribute to the development of the national energy potential, and to satisfy the requirement that our country become independent from the standpoint of fuel and energy.

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PLANS FOR AGRICULTURAL SECTOR IN 1981-1985 REVIEWED

Bucharest REVISTA ECONOMICA in Romanian No 48, 30 Nov 79 pp 14-15, 22

[Article by Ion Soare: "Major Role of Agriculture in the Development of Romania's Economy"]

[Text] "An essential objective of the next five-year plan is the accomplishment of a profound agrarian revolution that will include both the technico-material basis and the organization of production." From the report presented by Nicolae Ceausescu to the 12th Congress of the RCP.

Romanian agriculture is faced with essential qualitative changes, objectively demanded by the role and importance of this branch in the country's present and future socioeconomic development. As Nicolae Ceausescu pointed out in his report to the 12th Congress, it is imperative to "accomplish a profound agrarian revolution" to accelerate the intensive development and modernization of agriculture -- this being one of the fundamental priorities of the 1981-1985 five-year plan -- on which depends the development of industry, of the entire national economy, and ultimately the improvement of the population's well-being.

It is the undeniable merit of the secretary general of the party that as early as the Ninth Congress, using a scientific and extremely farsighted analysis, he laid new foundations for the assessment of agriculture's role and importance in the country's socioeconomic development, and reviewed it in the light of the agrarian theory and policy of the first three five-year plans. Today, by stressing and shading even more powerfully the growing importance of agriculture and the imperative need for its development at even more rapid rates and along fundamentally modern structures, the guidelines provided by Nicolae Ceausescu and the documents of the 12th Congress offer examples of revolutionary, scientific, and highly patriotic thinking, which demands the best possible approach and analytic examination of the complex agrarian development question, and especially the immediate application of the provisions that are established.

Although the contribution of agriculture to the country's overall socioeconomic development has been essential until now, this contribution will have to increase substantially now and in the future -- when we will be moving beyond the stage of developing nation and entering the ranks of countries with intermediate levels of development.

As the second large branch (after industry) that creates a social product and a national income, and posessing essential elements of the national wealth, the true value of agriculture must be considered and assessed in terms of the nature, magnitude, and proportion of the goods that it provides, and in terms of its three-fold function: resource of raw materials for the economy (food industry and the light industry), producer of consumer goods, and direct or participating supplier of exported products (through the intermediary of the industries which transform the raw materials that it provides).

Harmed by some real failures to modernize (explainable both in terms of socio-historical causes and in terms of its specific essence), our agriculture must make a substantial effort to recover at the highest possible level, its gaps with respect to other branches of the national economy (industry in particular), as well as to the development levels and structures of agriculture in advanced countries.

Greater Possibilities and Demands

The ambitious agricultural development program for the 1981-1985 five-year plan is based on a scientific correlation of the greater possibilities available to this branch, with the demands of the national economy for continuously larger amounts of better quality agricultural products.

Given its quantitative accumulations until now, and those that remain to follow, agricultural activities must and can achieve a radical qualitative leap in all respects: a substantial growth in total physical production, even higher average productions per hectare and per animal, a reduction in material expenses, and the achievement of high profits which will enable total self-financing of future developments.

The concurrent and intercorrelated fulfillment of these goals will be the only solid guarantee for successfully completing the tasks outlined by the Congress, so that by 1985, total agricultural production will reach about 270 billion lei (60-65 percent higher than in 1980, and nearly 3 times higher than in 1975).

Such a growth must of course be based on an increasingly large allocation of production factors (mechanization, chemical fertilizers, irrigation, and so on), but the the thrust of the effort will still remain the superior utilization of these factors, and the skill and decisiveness with which production and labor will be best organized in each production unit. This point must be stressed, because even until now, higher allocations of

factors (sometimes scarce and always costly) did now always result in anticipated production increases, precisely due to shortcomings in the organization of production and labor in many production units.

Agriculture and the workers in that branch cannot satisfactorily respond to the great material and financial efforts made by society, except by continuously and substantially increasing production in all crops and categories of animals, and by raising economic efficiency to the highest possible levels.

As the indispensable basis of all agricultural production, the vegetal production must fulfill highly important tasks during the next five-year plan. A true qualitative leap will be achieved in 1985 by attaining and stabilizing a grain production of 27-28 million tons (1200 kg/inhabitant). The keystone of grain production is a more intensive increase in the production of corn grain (14.6-15.3 million tons in 1985), which is of capital importance in the raising of animals. Until now, the failure to provide the anticipated quantities of this important portion of the fodder base, has impeded the proper development of animal production, or has forced us in some cases to resort to the importation of concentrated fodders (which are certainly more expensive than those produced domestically), with obvious unfavorable consequences for agriculture as well as for the national economy as a whole.

Also in order to assure a high quality abundant fodder base, a spectacular increase is planned for soy production (920,000-950,000 tons in 1985), which will be over 4.4 times higher than the average annual production of the first 3 years of the current five-year plan.

Another basic guideline for the next five-year plan, is the intensified production of technical crops for food production (sugar beets and sunflower seeds), and of textile plants (flax and hemp); compared to the present production levels, the 1985 productions will be 55-65 percent higher for beets and sunflower, and 100-150 percent for textile crops.

Significant production increases are also planned for crops which directly supply the population with the most needed agricultural products (potatoes and vegetables, fruits and grapes).

Since the country's agricultural land area is quasi constant, an essential role in achieving the predicted levels of vegetal agricultural production will be played by the process of intensification, namely, the sustained increase of yields per hectare. As was pointed out in the report presented by Nicolae Ceausescu to the 12th Congress, the average production per hectare in 1985 throughout the country must reach 4500-5000 kg/ha for corn grain, 3500-3600 kg/ha for wheat, 38-40 t/ha for beets, 25 t/ha for autumn potatoes, 17 t/ha for field vegetables, 11.6 t/ha for fruits, and so on. Efforts along these lines must be multiplied rapidly and constantly, the sustained increase of yields per hectare being the only fundamental solution for increasing agricultural production as a whole. It should be

added that the steps taken so far have not been sufficient to bring us beyond unsatisfactory levels of yield per hectare, the current results placing us in the bottom third of a classification of the European countries, a position valid for most vegetal crops.

More decisive action must be taken to introduce the results of agrobiologic scientific research (new, productive varieties and hybrids, resistant to climate changes and diseases, compatible with modern agricultural technologies based on machinery, chemification, and irrigation), but the essential need remains to properly perform all agricultural operations (at the optimum time and a high level of quality), and to prepare in time and optimize the flow of all field and other work.

The animal sector is extremely important through its nature and the quality of products which it supplies; its development has a high priority in the total agricultural development of the next five-year plan. The fact that animal production will increase at a more rapid rate than vegetal production, must assure an increase in its proportion within the total agricultural production (46-47 percent in 1965).

The fact that the 1965 production is expected to be 4-4.1 million tons of meat on the hoof, 85-86.7 million hl of milk, 58,000-61,100 tons of wool, and 8-8.2 billion eggs, will be the result not only of an increase in the number of animals (8 million head of cattle, 14-15 million pigs, 20-22 million sheep and goats, and 80 million egg layers), but also of a higher average production per animal. In order to reach the figures and production listed above, particular attention will have to be devoted to providing an optimum supply of fodder (quantitatively and qualitatively) by planting high yield fodder crops, as well as by complementing them with more extensive double crops, using roughage fodder, and making greater use of green production areas in hilly and mountainous zones. In order to achieve the predicted animal productions, the annual volume of these complementary fodders must reach 120-130 million tons.

Other measures aimed at raising the activity in this important sector of agriculture to new quality levels, are the continued expansion of industrial systems of animal raising through the creation of new units, the introduction of improved breeds into production, and the more rapid adoption of mechanized processes in animal husbandry.

Special attention will have to be devoted to improving the economic efficiency of animal production (particularly in the traditional small farmhouse system of animal husbandry), where the shortcomings in this domain are even greater than in the vegetal production sector.

A Dynamic Equation: Endowment - Organization

To assure the fulfillment of agricultural development objectives during the next five-year plan, investments of 195 billion lei (12.1 percent of the total investments in the national economy) will be allocated to this sector, nearly 50 percent more than the sum allocated to agriculture during the 1976-1980 five-year plan.

The increasingly larger investments made in agriculture mean that by 1986-1990 this branch will have a strong, modern, and efficient technico-material basis, as a foundation for obtaining productions comparable to those of countries with advanced agricultures, under conditions of high economic and social efficiency.

The mechanization of agricultural operations will be expanded during the 1981-1985 five-year plan (in 1985 agriculture will have 140,000-145,000 tractors, 40,000-42,000 self-propelled combines, and so on), thereby substantially shortening the duration of large operations (seeding in 15 days, wheat harvest in 6 days, corn harvest in 25-30 days), and leading to good performances of vegetable, orchard, and vineyard operations.

In order to achieve the highest possible yields per hectare, agriculture will receive increasingly higher quantities of chemical fertilizers, so that by the end of the next five-year plan it will use 320 kg of active substance per cultivated hectare (tillable+vineyards+orchards), which is 3 times more than the quantities applied at present.

Part of the allocated investments are intended to prepare for irrigation new areas of 0.7-1.0 million hectares, so that by 1985 we will have nearly 4 million of irrigated hectares (60 percent of the total irrigable area of our country).

The rational and complete utilization, and the conservation of land resources will have to remain at the focus of attention during the next five-year plan as well: significant drainage operations will be conducted over 600,000-65,000 hectares, soil erosion will be combatted over 0.95-1.0 million hectares, new unproductive land will be brought into the agricultural sector, and the use of agricultural land for other purposes than agriculture will be strictly limited.

All these new and substantial investments, endowments, and allocations of production factors, will have to be strictly correlated with a superior, scientific organization and management of production and labor, so that they will be exploited to the fullest and will result in high productions with notable profits in all agricultural production units.

The central role in this correlation will have to be played by the uniform agroindustrial councils, an organizational structure which will constantly improve and consolidate itself, lending its full resources for organization and management beginning with the next five-year plan, when agriculture is faced with such important tasks.

the uniform councils must act to concentrate and specialize production, and to find the most appropriate ways and means for a full and economical utilization of material, financial, and manpower means, so as to reinforce the economic strength of each unit.

Agricultural units, and their specialists and managements, must devote greater concern and find optimum solutions for organizing production and labor, and must realize that uniform councils are solely coordinators and supporters, and in no way, even partially, replace the organization and management work which must be performed by the units themselves.

Reduced Gaps, Greater Contribution to Development and Well-Being

Already recovering the gaps which separate it from the other material production branches in our national economy, as well as from the agriculture of advanced nations, our agriculture will be able to take a giant forward step by fulfilling and surpassing the tasks with which it has been entrusted by the 12th Party Congress for the 1981-1985 five-year plan, and thereby further reduce these gaps. For instance, while a person employed in agriculture in 1975 "fed" only five people, the same worker will feed 10 people in 1985 and 14 people in 1990, meaning that the work of the agricultural worker will become increasingly productive. In the same light, while the ratio of labor productivity in industry to agriculture was nearly 10:1 in 1970, this indicator had decreased to 6:1 in 1978, and will drop to only 3-4:1 in 1985.

Similarly, agriculture still participates substantially in the formation of the social product (13.4 percent in 1978) and of the national income (15.3 percent), and although this participation will be relatively lower by 1985, its absolute volume will be substantially higher.

Our agriculture meets 14.7 percent of our country's total exports (in 1978), and in the future will retain a notable ratio, although a smaller one than until now; but it should be pointed out that Romania as a country, is a net exporter of agricultural food products, and that in fact agriculture itself is always a net exporter.

The essential contribution of our agriculture to economic development lies precisely in the fact that it fully supplies the food consumption of the entire population. For 1985, the Program-Directive regarding improvements in the standard of living, foresees an average annual consumption per inhabitant, of 66-72 kg of meat and meat products, 230-240 liters of milk and milk products, 275-280 eggs, 150-160 kg of vegetables and vegetable products, and so on; the basic supplier of all these products is our agriculture.

Producing more and more efficiently, agriculture is fulfilling a duty not only toward society as a whole, but also toward itself and its workers, giving them the possibility to increase their incomes (by 1985, the real incomes of cooperative peasants will have increased by 24.5 percent with respect to 1980), and to implicitly improve their standard of living.

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REVIEW OF ECONOMY INDICATES VIABILITY OF SYSTEM

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 25 Feb 80 p 8

/Article by Prof Jiri Kosta: "'The Yugoslav Model Is Viable Despite the Critical Economic Situation' -- Prof Jiri Kosta Examines the Progress, Problems and Prospects of the Third Course Between Market and Plan in the State of Multiple Nationalities"/

/Text/ With the conclusion of a cooperation agreement between the EC and Yugoslavia -- expected to take place today, Monday -- this state of multiple nationalities will draw another step closer to the West, a move that is definitely fostered politically by the Soviet Union's recent expansionist drive. Nevertheless, casting its shadow over all this is the question of what comes after Tito. Probably no social system in the world has been linked so long and so closely with a single political figure as has Yugoslavia's. On the other hand, the consistent democratization and decentralization of both the political and economic sectors has guaranteed that no power vacuum can develop. Many critics, chiefly conservatives, are seizing upon the present symptoms of economic crisis -- an inflation rate in excess of 20 percent and a large trade deficit -- as reason for questioning the viability of this very model of a more democratic economic structure. It is the opinion of Jiri Kosta, professor in the Economics Department at Frankfurt University, that this criticism overlooks actual causes. Kosta, who holds a professorship on socialist economic systems and was a coworker of Ota Sik in the CSSR until 1968, discusses in the following article the problems and prospects of the Yugoslav economic system.

Beginning in the late 1960's when the weaknesses of the established systems in East and West were becoming increasingly apparent, the Yugoslav model took on added attractiveness, for an alternative was being sought to overcome the darker aspects of bureaucratic centralist planning on the

one hand and the symptoms of crisis associated with the market economy on the other.

Yugoslavia appeared to offer a reform system in both respects: The problems of a planned economy were to be eliminated through a combination of overall economic planning and individual control over the market economy, designed to make possible a greater measure of economic efficiency; the growing alienation of the worker in hierarchically structured enterprises was to be overcome through participation by the workers.

To be sure, those who attached to the Yugoslav economy's new course expectations that were too high were overlooking a number of specific difficulties confronting this country as it launched the new venture: economic backwardness; a low level of education among the population; a lack of technical and political prerequisites for self-administration by the workers; the country's substantial gap in terms of economic development; and its social and national multiplicity -- Yugoslavia is a state with two scripts, three religions, four languages, five nationalities and six republics.

While market-economy forms of control and industrial self-administration still played a limited role in the 1950's, the first half of the 1960's saw an expansion of the decisionmaking prerogatives of the enterprises, and economic reforms implemented in 1965 gave greater weight to market-economy control: Illustrating this trend were increased self-financing and borrowing (involving a considerably larger role for banks) and a more autonomous system of setting wages and prices at the enterprise level.

While the 1965 reform program was intended chiefly as an instrument for increasing efficiency, an effort was made early in the 1970's to develop supraenterprise forms of planning and coordination as an answer to problems that were becoming increasingly apparent: excessive differences in income levels; growing regional imbalances; increasing market fluctuations. This became all the more urgent in connection with the 1971 amendment to the constitution which introduced the "basic organizations of associated labor." These were smaller production units than the traditional enterprises, more comprehensible for the worker, but they frequently were too instrumental in pushing through special interests. New regulatory instruments instituted at a supraenterprise level were "social arrangements" (between enterprises and public institutions, for example) and "self-administration agreements" (between individual basic organizations, for example); these arrangements and agreements were designed to improve the effectiveness of price, income or investment policies in accordance with the plan targets. "Self-administered pools" constituted a supplementary form of coordination in the area of collective services.

To summarize, Yugoslavia's present economic system can be described in outline form by the following constitutive elements:

(1) Social ownership of the means of production (this does not preclude the private ownership of small family enterprises in agriculture, small-scale handicrafts production and individual services);

(2) Self-administration by workers in production and service enterprises as well as at the regional level;

(3) Formulation of general overall plans which determine the most important development goals by branch and region;

(4) Differentiated economic policy instruments that are comprehensible to the public and designed to achieve plan targets;

(5) Forms of reciprocal negotiation by the most varied interest groups for the purpose of coordinating economic policy decisions;

(6) Forms of market-economy control at the individual enterprise level (especially autonomous enterprise decisions on the assignment of foremen, the product mix and freedom of choice for each person regarding vocation, location of job and consumer affairs).

Criticism of the System

As the Yugoslavs understand it, the interaction of all these elements is supposed to produce better results than those of the existing economic orders of capitalism and "statism" (the term used in Yugoslavia for the Soviet social system), thus benefiting the working people and furthermore -- this is probably the overriding aim -- eliminating the alienation of the worker in East and West caused by a concentration of economic power.

There is criticism of the Yugoslav economic system on two planes. Some criticize the basically faulty design of a system such as this, while others emphasize individual faults without questioning its basic orientation. Belonging to the first group are especially the strict ideologues at both ends of the spectrum, although they argue from opposite positions. The leftists reject the "market anarchy" that leads to the "pursuit of profits," to great differences in income levels and so forth. By contrast, the market ideologues find fault with the excessive measure of "political" interference with the "free play of forces." To be taken more seriously than the ideological biases is the criticism that deplores the individual faults of the system, such as the too great dependence of personal incomes of enterprise work forces on proceeds, inadequate instruments for planning and economic policy and so forth.

Among the most frequently criticized weaknesses of the Yugoslav economic system are the high rate of inflation, the considerable unemployment, the deficit in the balance of payments and the recurring market fluctuations. Indeed, the past year in particular does appear to confirm the threatening symptoms of a weak economy. For instance, the price trend is cause

for concern despite the freeze imposed during the summer: Depending on whether the rate of inflation is measured by the cost of living, by retail prices or by industrial prices, estimates range from 20 to 25 percent and more. Moreover, the price freeze has led to artificial shortages of important supplies like meat, coffee and other foods. This is because the suppliers have been looking ahead to future price increases. The number of "persons seeking employment" amounted to nearly 800,000 in 1978 -- about 15 percent of those employed in the "social" sector, or approximately 60,000 more people than for the preceding year. And there have been unfavorable developments in the balance of payments: While the trade balance's debit column of $ 4.3 billion in 1978 rose to $ 5.5 billion the following year, as a result of the tourist trade and remittances from guest workers the balance of payments deficit was only half as high. [sic]

Nevertheless, the predictions of disaster for the Yugoslav economy that can be perceived here and there in various mass media are probably inappropriate. The trend within a single year alone provides a totally distorted picture of the results of Yugoslavia's previous long-term economic development. This is confirmed by an analysis prepared last year by the UN Economic Commission for Europe. The data presented there show that with an unusually high average annual growth rate of the national product -- 6 percent -- during the decade between 1963 and 1973, the corresponding growth rates for the succeeding 5-year period (1974-1978) were also very favorable for the individual years, with fluctuations ranging between 3.7 and 8.5 percent. Regardless of continuing unemployment, this development trend made possible a substantial increase in employment figures, which rose by more than a million between 1974 and 1978 alone. For instance, it was possible during this period to find employment for close to 400,000 additional guest workers who had returned home.

According to the aforementioned report, retail prices increased between 1963 and 1973 by an annual average of 6 percent, while the rates of increase between 1974 and 1978 fluctuated between 9 and 26 percent in the individual years. Nevertheless, this unquestionably negative trend in no way adversely affected the living standard of the working population, since nominal monetary income was running well ahead of the rising prices. The growth rates for real per capita income thus amounted to an annual average of 6 percent in the decade prior to 1974 and to an average of 4.3 percent in the succeeding 5-year period. Consequently, it was possible to raise the standard of living significantly throughout the entire period. With respect to the foreign economic equation, the data indicate a constant negative trade balance between 1973 and 1978. On the other hand, it was possible to prevent too great a slide into the red for the balance of payments: There were even positive balances in 1973 and 1975, while the largest deficit of $ 1.4 billion was reached in 1978. Even this large sum amounts to no more than a scant 3 percent of the gross national product.

Yugoslavia's quite favorable picture of long-term economic development, especially in comparison with the international standard, is confirmed by the following table in which the periods listed coincide with the reforms of the system carried out in 1952, 1965 and 1975 (of course, the years indicate only the approximate start of the respective reforms, which were spread over several years). The comparison shows that the change of course in economic policy did not change the results.

Growth and Prosperity in Numbers

	Average Annual Growth in Percent		
	1953-1965	1966-1975	1976-1978
National Product	8	6	6
Cost of Living	8	15	14
Net Personal Income (real)	6	4	4

Source: Statistical yearbooks of Yugoslavia

The continuously high growth rates attained between 1953 and 1978 can be regarded as a reliable indicator of the industrialization of a relatively backward economy. Nevertheless, the large increase in the cost of living, certainly a negative phenomenon that was at variance with the country's own economic policy aims, by no means adversely affected the real income of the population since this income rose continuously.

Regardless of all previous economic successes, there can be no doubt that the Yugoslav economy is presently facing new and difficult tests. In addition to the domestic- and foreign-policy factors, the economic difficulties that developed last year have to be included in the calculations as an unfavorable starting point. Contrasted with these are the following positive factors, which seem to justify a certain confidence with respect to the viability of the existing Yugoslav model:

(1) The substantial successes achieved to date by Yugoslavia in the course of its economic building process under the conditions of the economic system initiated;

(2) The related improvement of the starting position for the 1980's compared to the underdevelopment of the late 1940's;

(3) The candor of the Yugoslav leadership with respect to planning and management reforms, while retaining the basic elements of the system: decentralized control and self-administration by the workers;

(4) The learning process which -- admittedly with a number of aggravating shortcomings -- countless thousands of workers and white-collar employees have undergone in the course of developing self-administration by the workers;

(5) The threat from outside, which has thus far tended more to weaken centrifugal forces and focus interest on common aims.

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BRIEFS

EEC AGREEMENT TERMS--The EEC economic agreement [with Yugoslavia] which was signed on Monday in Brussels after 2 years of negotiations is valid for 5 years. According to it, Yugoslavia can export its industrial products to the EEC duty-free, but must maintain quotas for 29 products which are considered "sensitive." The 15,000-ton annual quota of tobacco was lifted, despite considerable resistence [from some members], meat imports to the EEC were increased to 24,800 tons, wine to 12,000 hectoliters, and slivovitz (brandy) to 5,800 hectoliters. Yugoslavia will receive a 500-million DM credit from the European Invesment Bank, granted over 5 years and tied to specific projects. [Excerpt] [Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 26 Feb 80 p 13]

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